Quick Heal

*Security Simplified*

**Quick Heal Technologies Limited**

Investor Presentation

August 2016

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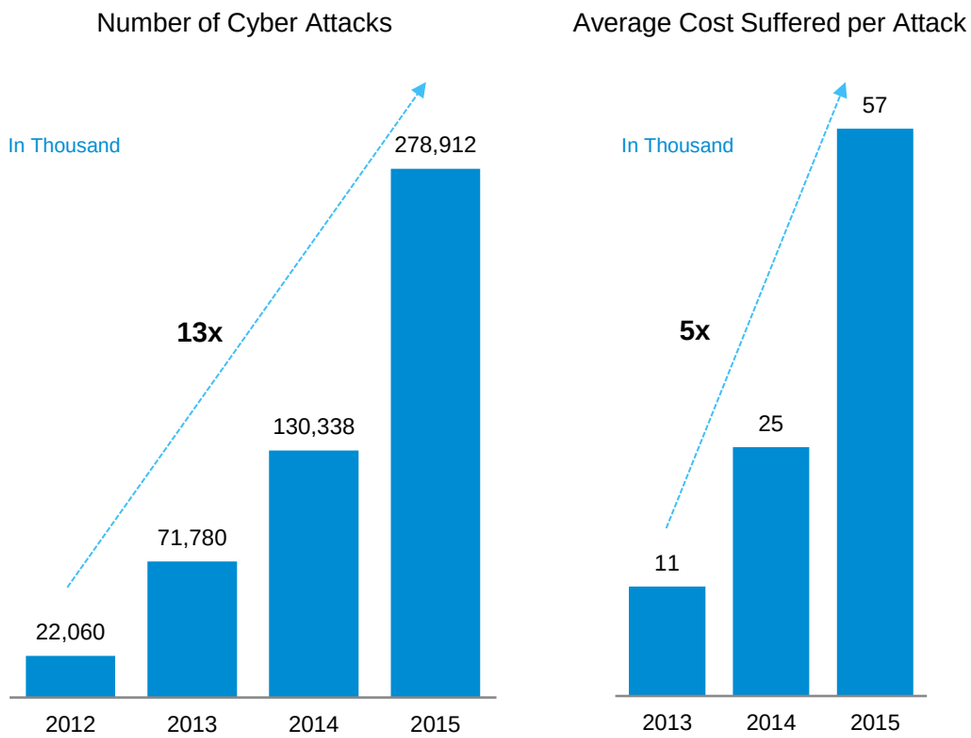
# DISCUSSION SUMMARY

- INDUSTRY OVERVIEW
- COMPANY OVERVIEW
- COMPETITIVE ADVANTAGES
- BUSINESS MODEL
- STRATEGY & OUTLOOK
- Q1 FY17 RESULT ANALYSIS
- SHAREHOLDING STRUCTURE
- ANNEXURE
  – CONSOLIDATED FINANCIALS
  – CASE STUDIES

# INDUSTRY OVERVIEW

## RISING INCIDENCES OF CYBER ATTACKS

### RISING CYBER ATTACKS IN INDIA




### SOCIAL MEDIA SCAMS ON RISE

- 16% of social media scams are targeted at Indian users
- 156% rise has been seen in social media scams

### THE CYBER THREAT SCENARIO IN INDIA 2015-16

- India is the 3rd top destination of cyberattacks
- 50% of cybercrimes in India are not reported (KPMG)

### RANSOMWARE THREATS WILL REACH AN ALL-TIME HIGH IN 2016

- India faces the 2nd most ransomware attacks in Asia
- 430 million new unique pieces of malware in 2015
- India records 15 ransomware attacks per hour
- Rise of 114% in ransomware attacks. Out of these, 10% were crypto-ransomware attacks
- Ransomware moved beyond PCs to smartphones, Macs and Linux machines

### INDIAN SMEs UNDER INCREASED THREAT

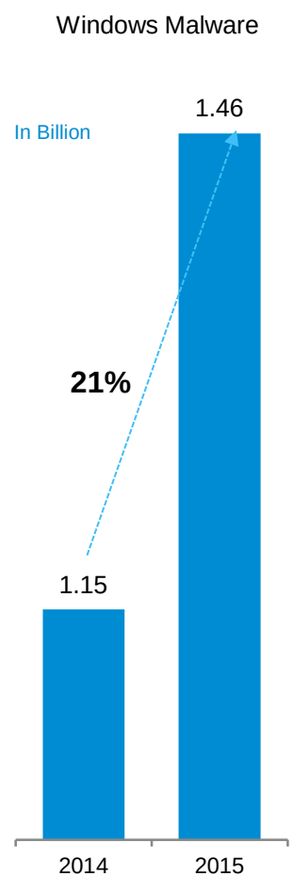
- Large number of financial Trojans against Indian SMEs
- Targeted organizations face at least 2 attacks on average
- 40% of BFSI industries were also hit at least once
- Over half a billion personal records were stolen or lost in 2015, from SMEs

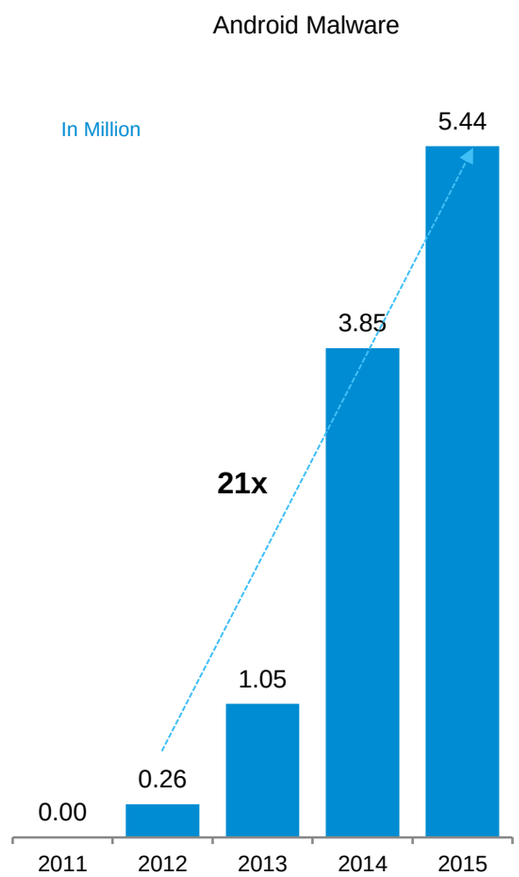
**Rising threats in form of malwares, virus, phishing, trojans**

Source: Company RHP

# INDUSTRY OVERVIEW

## RISING INCIDENCES OF CYBER ATTACKS




Source: Quick Heal Threat Report 2016

### QUICK HEAL R&D DETECTION STATISTICS

**21 new families of mobile banking trojans**

50% increase in detection rate from 2014 (Windows malware are propagated through email attachments, infected websites, removable drives and bundled software)

**803 Android malware families**

50% increase in detection rate from 2014

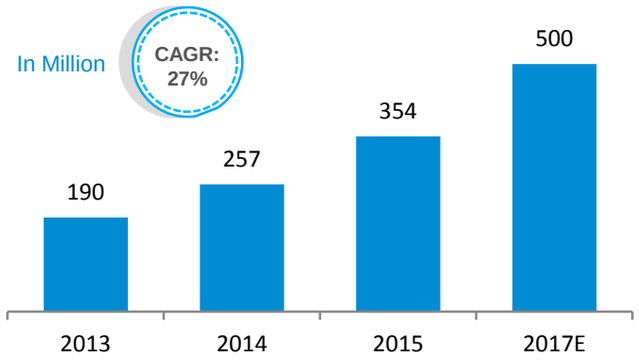
**757 new variants of existing Android malware families**

23% increase in detection rate from 2014(Android malware are propagated through ad plug-ins, third party stores, in-app purchases, trojanized apps, fake apps and protector plug-ins)

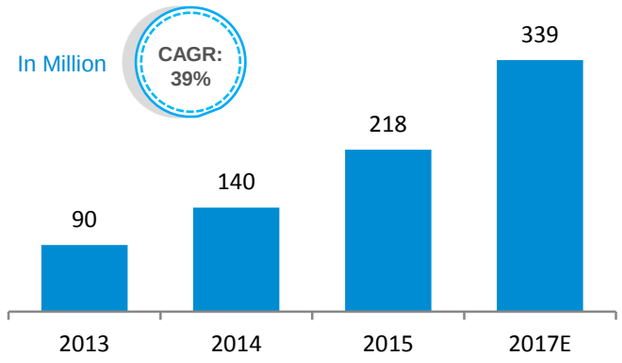
# INDUSTRY OVERVIEW

## FAST EXPANDING INTERNET USER BASE

### INDIA HAS 2ND LARGEST INTERNET USER BASE IN THE WORLD




### RISING SMARTPHONE SUBSCRIPTIONS

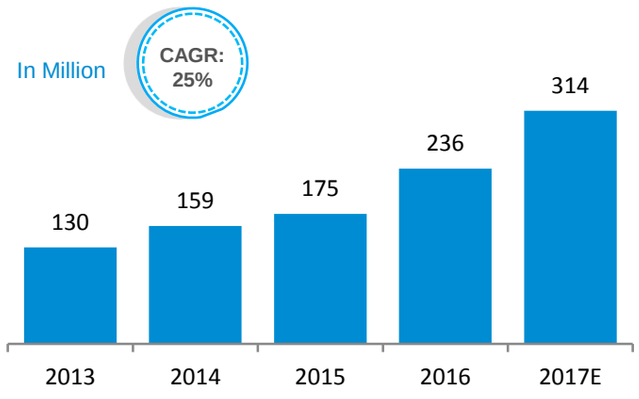



### SIGNIFICANT EXPANSION IN NUMBER OF NETWORKED DEVICES

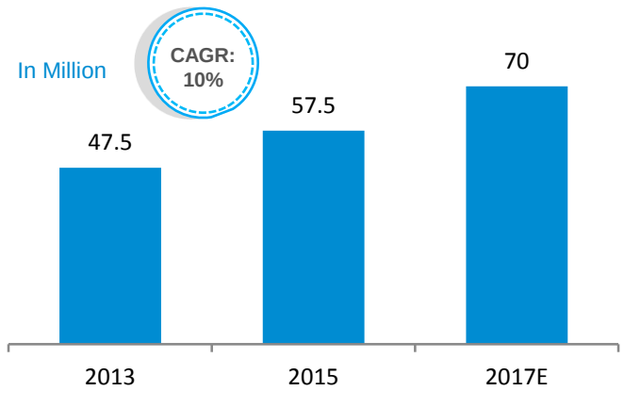
**74%**

of all devices expected to become mobile connected by 2019

### GROWING MOBILE INTERNET USERBASE




### CONTINUED INCREASE IN PC INSTALLED BASE




**40%**

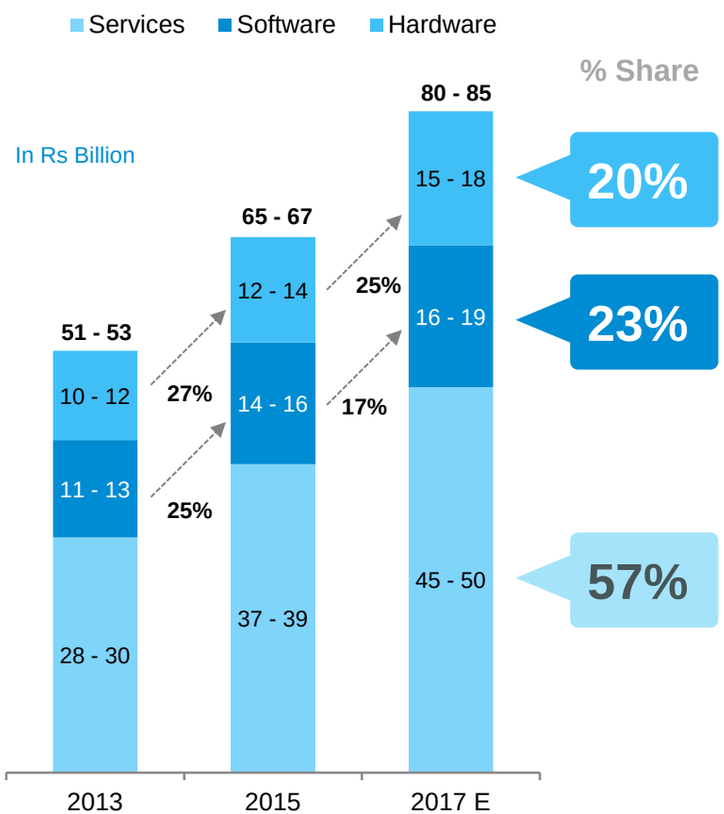
of all devices expected to be smartphones by 2019

Source: Company RHP

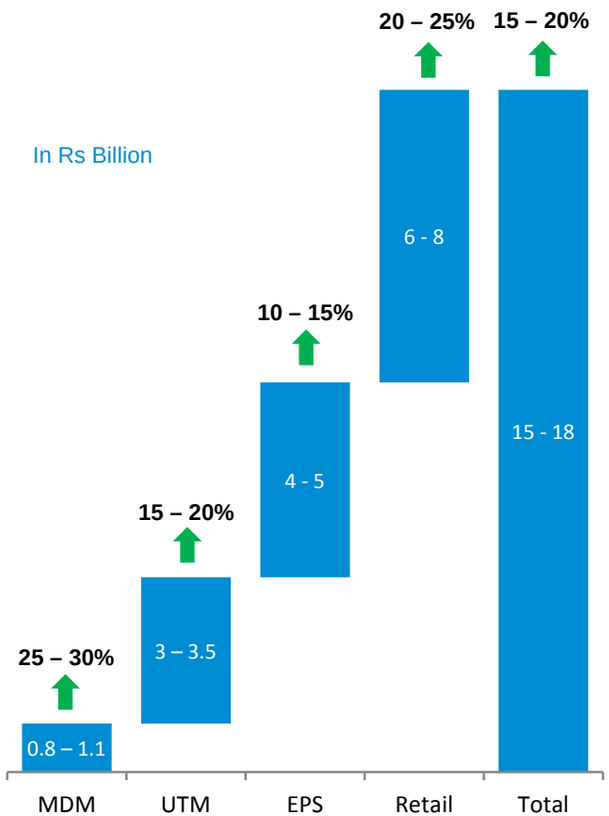
# INDUSTRY OVERVIEW

## IT SECURITY MARKET IN INDIA – STRONG GROWTH AHEAD

### MULTIPLE LEVERS IN PLACE TO DRIVE RAPID GROWTH IN INDIAN IT SECURITY MARKET




**Indian IT Security Market**




**IT Security Product Segments**

## Key Drivers

- Rapid growth in internet user base and number of networked devices including desktops, laptops, smartphones, tablets
- Increasing number of security intrusions in Corporate India
- Increase in allocation of corporate budgets towards IT Security
- High priority to IT Security especially from businesses having higher dependency on internet (e-commerce) and with sensitive information (BFSI, telecom, or the Government)

Source: Zinnov Analysis
MDM: Mobile Device Management, UTM: Unified Threat Management, EPS: Endpoint Security

# COMPANY OVERVIEW
## QUICK HEAL – BRIEF PROFILE

### BUSINESS OVERVIEW

- Incorporated in 1995, Quick Heal is the pioneer in Indian IT Security Software and is currently one of the leading providers of Security Software Products and Solutions in India
- More than 30% market share in Retail segment
- Strong recognition / customer recall – "Quick Heal" for retail products and "Seqrite" for enterprise products
- Active licenses of 7.6 mn as on Jun-16 across more than 80 countries
- Continued backing by Venture Capital Investor - Sequoia Capital which still holds 5.23%

### KEY STRENGTHS

- Established and proven technology over a span of 22 years
- Comprehensive product offering (majority indigenously developed) across all segments (Home, SMB, Enterprise), all platforms (Windows, Mac, Android, iOS, Linux) and all devices (Desktops, Laptops, Mobiles, Tablets)
- Strong and diversified Channel network – 64 Offices and Warehouses in 36 Cities in India and 4 International Offices, 18,041 Retail Channel Partners, 438 Enterprise Channel Partners, 139 Government Partners, 1,189 Mobile Channel Partners
- Superior Customer Support

### STRONG FINANCIALS

- Consolidated Revenues, EBITDA and PAT were Rs 3,380.7 mn, Rs 1,024.6 mn and Rs 584.0 mn respectively in FY16
- Robust profitability with EBITDA Margin of 30.3% and PAT Margin of 17.3% in FY16
- Strong cash generation with Operating Cash Flow / EBITDA of 74.8% in FY16
- Strong balance sheet with zero debt and healthy cash position in FY16

# COMPANY OVERVIEW

## QUICK HEAL JOURNEY

### 1995 - 1998

- Incorporation as 'CAT Computer Services Pvt. Ltd.'
- Launch of 'Quick Heal' DOS version
- Launch of 'Quick Heal' Windows version

### 2002 - 2004

- Quick Heal starts Radio Campaign
- Quick Heal starts its first branch in Nashik

### 2006 - 2007

- Company renamed as Quick Heal Technologies Pvt. Ltd. from CAT Computer Services Pvt. Ltd.
- Quick Heal sets up Technical Support Centre at Nashik

### 2008

- Quick Heal becomes Microsoft's certified partner
- Quick Heal hosts AAVAR International Security Conference in India

### 2009 - 2010

- Private Equity Investment firm Sequoia Capital, invests in Quick Heal
- Quick Heal recognized by CRN India as No.1 Channel Champion

### 2011

- Incorporates Quick Heal in Kenya
- Incorporates Quick Heal in Japan
- Quick Heal acquires SurfCanister Sandbox technology from Apurva Technologies, India

### 2012 - 2013

- Launches Quick Heal Mobile Security
- Launches Quick Heal End Point Security
- Quick Heal acquires behavior based technologies from Nova Shield Inc. UK
- Incorporates Quick Heal in Dubai
- ISO 9000

### 2014

- Launches Quick Heal MDM (Mobile Device Management)
- Launches Quick Heal Terminator (UTM-Unified Threat Management)
- Launches free mobile security for Android
- Quick Heal invests in Wegilant Net Solutions Pvt. Ltd, India

### 2015

- Launches Seqrite a brand encompassing security products for Business Enterprise customers
- Quick Heal invests in 'Smartalyse Technologies Pvt. Ltd., India'
- Quick Heal inaugurates its first office in the US, 'Quick Heal Technologies America' in Boston
- Launches Quick Heal Gadget Securance for Mobile security + insurance
- Launches Fonetastic for Mobile security

### 2016

- Listing on BSE and NSE exchanges
- ISO 27001
- ISO 20000

# COMPANY OVERVIEW

## TECHNOLOGY & MARKET LEADERSHIP

Our solutions have earned a variety of awards and certifications from industry groups and publications including AV-Test and OPSWAT

### Awards in India

- 2016: **Best Antivirus, 9th NCN Most Innovative Product of the Year Award**
- 2016: **Best Make in India Brand, 14th VARINDIA IT Forum**
- 2016: **12th Annual Info Security PG's 2016 Global Excellence Awards, USA**
  * Gold Winner for Product Development/Management Executive of the year
  * Silver Winner in the category of Security Products and Solutions for Small Businesses and SOHO
- 2016: **ICSA Labs Excellence in "Information Security Testing" Award for the 5th consecutive year**
- 2015: IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber
- 2015: Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia
- 2014 – 2015: **DQ Channels India's Most Popular Vendor**
- 2014 and 2015: **CRN Channel Champions**, **Client Security** awarded by United Business Media
- 2012, 2013 and 2014: Quality Brands, awarded by Quality Brand Times
- 2012: Maharashtra Corporate Excellence Awards, by Maxell Foundation
- 2008, 2009 and 2010: **CRN Channel Champions, Antivirus Segments** awarded by United Business Media
- 2010: Tech Life – The Lifestyle and Gadgets Awards, awarded by NDTV
- 2010: SME Awards for **Best SME Innovation** awarded by Business Today
- 2010: **Deloitte Technology Fast500 Asia Pacific awarded by Deloitte**
- 2010: **Deloitte Technology Fast50** India awarded by Deloitte
- 2009: **Channels Choice Award**, awarded by DQ Channels
- 2009: Maharashtra IT Awards, awarded by Government of Maharashtra
- 2009: Emerging India Awards, awarded by ICICI Bank and CNBC TV 18

### International Certificates

* There marks are owned and copyrighted by their respective holders

# COMPANY OVERVIEW
## BOARD OF DIRECTORS

### KAILASH KATKAR

CEO & MD

Promoter of the Company since incorporation

### SANJAY KATKAR

CTO & MD

Promoter of the Company since incorporation

### ABHIJIT JORVEKAR

Executive Director & VP

Responsible for Sales & Marketing

### SHAILESH LAKHANI

Non-Executive Director

Serves as the MD at Sequoia Capital India

### APURVA JOSHI

Independent Director

Is a certified bank forensic accounting professional and anti-money laundering expert

### SUNIL SETHY

Independent Director

Comes from an experienced background in accountancy, finance, treasury, and legal departments

### PRADEEP BHIDE

Independent Director

Ex-IAS Officer and has served a series of increasingly senior positions at the State Government and Central Government

### MEHUL SAVLA

Independent Director

Serves as the Director of RippleWave Equity Private Limited

# COMPANY OVERVIEW

## STRONG BRAND RECOGNITION AND RECALL

**25.1 m**
Product Licenses Installed

**7.6 m**
Active Licenses across more than 80 countries

**2.0x Growth**
Active Licenses over last 5 years

**30% +**
Retail Market Share in India

**Preferred Choice of IT technicians for PC Virus Cleaning**

Quick Heal
Security Simplified

SECRITE

Fonetastic

Quick Heal
Gadget Securance

**18,041 Retail, 438 Enterprise, 139 Government and 1,189 Mobile Partners**

# COMPANY OVERVIEW

## EXPANDING PRESENCE ACROSS INTERNATIONAL MARKETS

**INDIA (HO)**
Quick Heal Technologies Ltd.

**JAPAN**
Quick Heal Japan KK.

**UAE**
Quick Heal Technologies (MENA) FZE

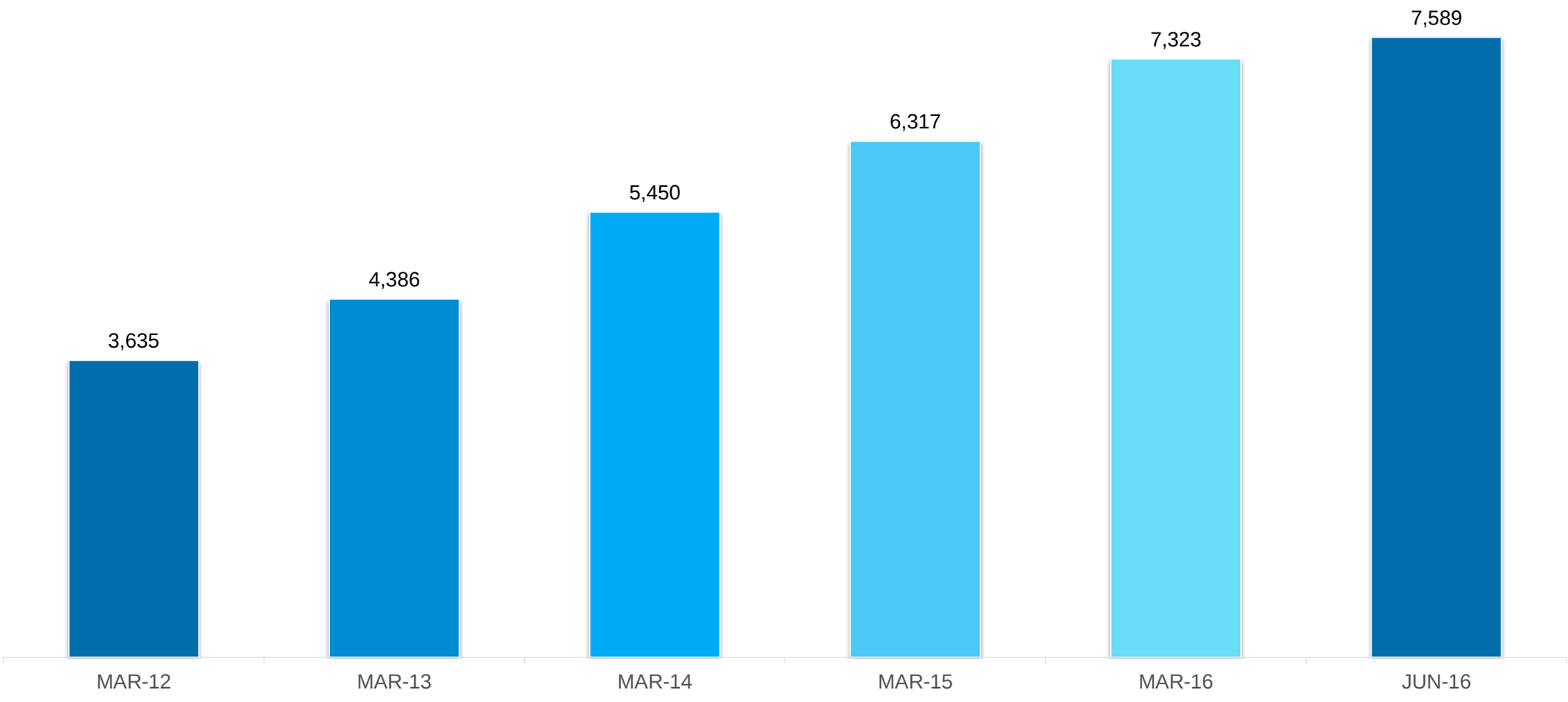
**KENYA**
Quick Heal Technologies Africa Ltd.

**USA**
Quick Heal Technologies America Inc

# COMPANY OVERVIEW

## LARGE AND GROWING USER BASE

ACTIVE LICENSES ('000)



# COMPETITIVE ADVANTAGE

## ESTABLISHED AND PROVEN TECHNOLOGY

### PIONEER IN IT SECURITY SOFTWARE IN INDIA

- Technological evolution over past 22 years
- Majority of products have been developed indigenously
- Highly effective against latest emerging threats and zero-day attacks
- Successful in detecting “CryptoLocker” family of viruses which use advanced obfuscation techniques to evade detection

### QUICK HEAL’S PRODUCT COMPETENCE

- Consumer Security - **1,343 million** attacks blocked in FY16
- Enterprise Security - **118 million** attacks blocked in FY16
- Mobile Security - **26 million** malicious apps detected in FY16

### TECHNOLOGY CERTIFICATIONS

- AV Test, AV Comparatives
- VB 100,
- ICSA Lab
- OPSWAT

**8** Trademarks in India

**3** Pending patent applications in India

**7** Trademarks in RoW

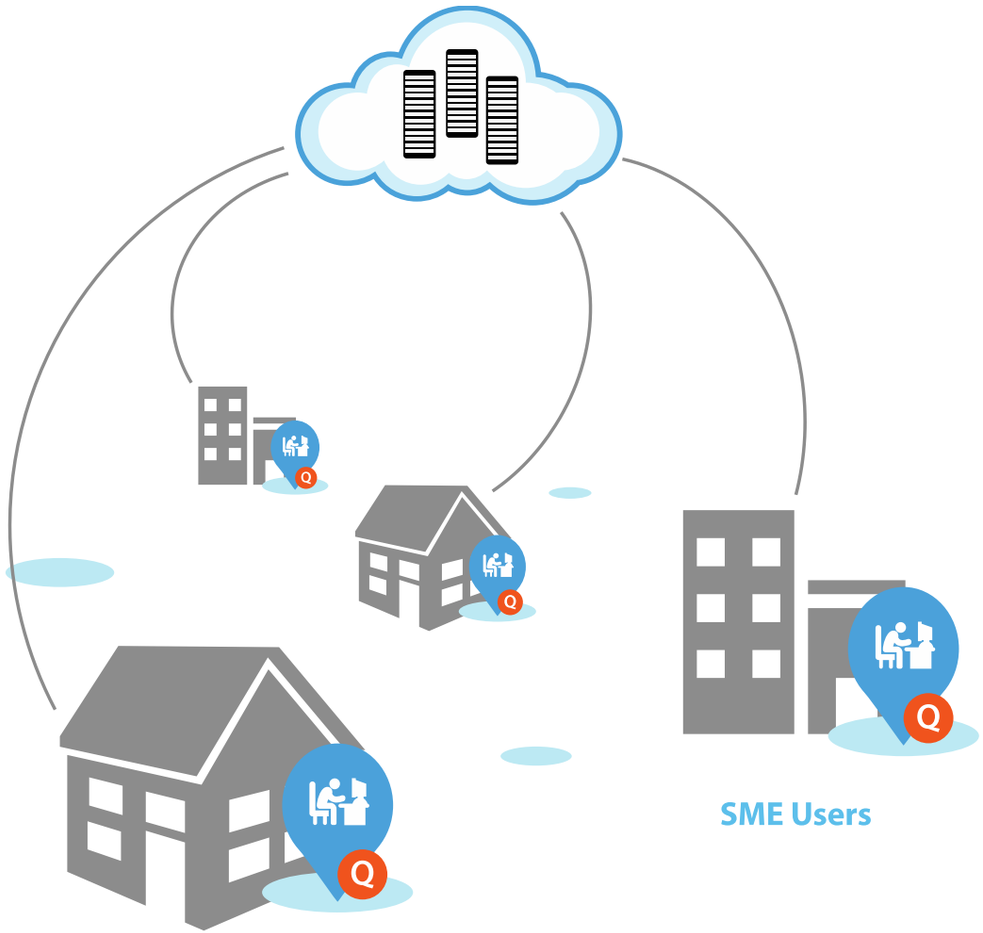
**2** Copyrights in India

**4** Patents in United States

**4** Pending copyright applications in India

# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

## Retail / SMB



### Features

- Core Protection
- Web Security
- Email Security
- Data Theft Protection
- Safe Banking Features
- Parental Controls
- Stealth Mode
- Anti-Keylogger
- Improved Scan Engine
- Virtual Keyboard
- Privacy Protection
- QH Remote Device Management
- PC2Mobile Scan
- PCTuner
- Track My Laptop

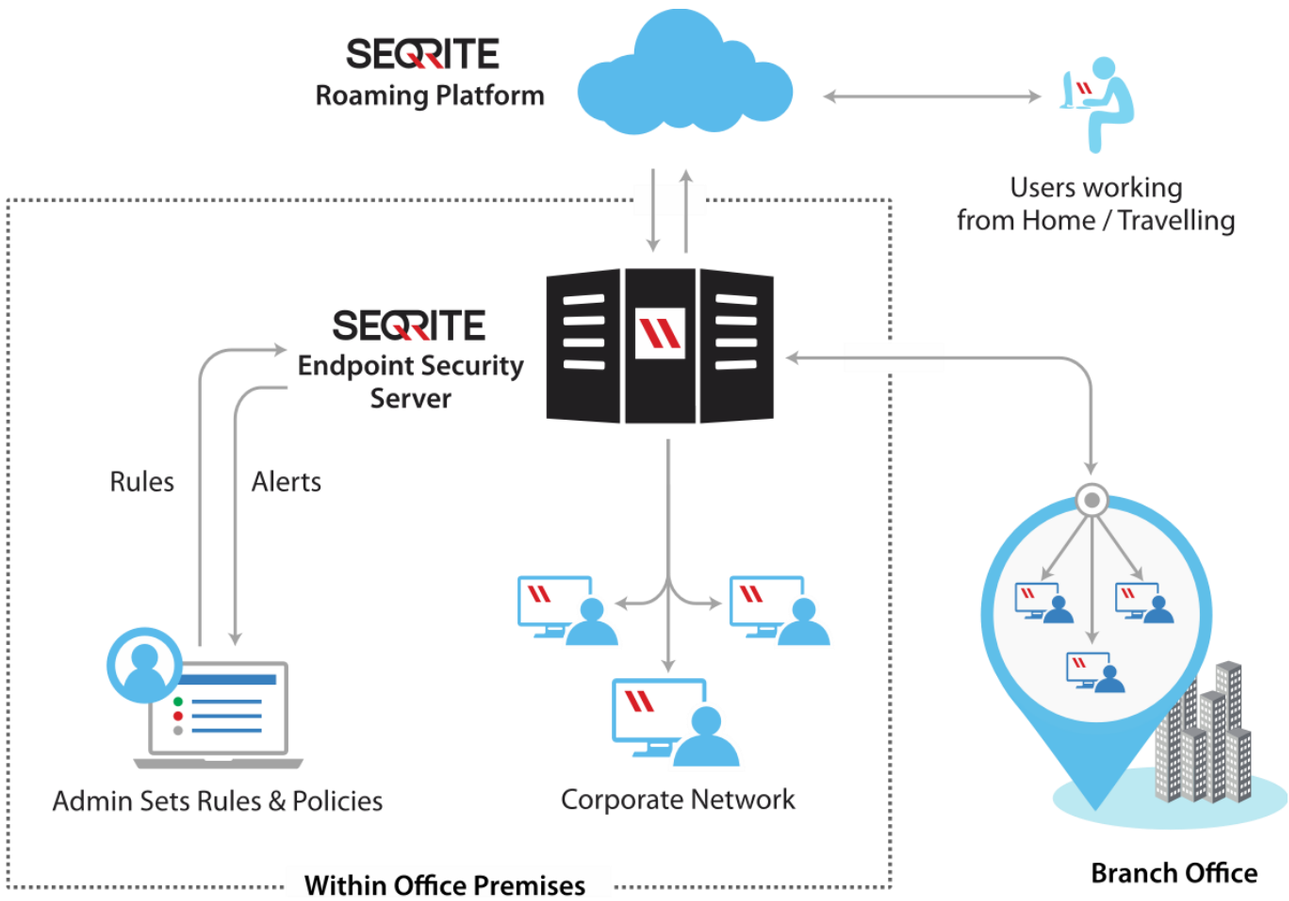
# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# Mobile Security / Fontastic /Gadget Securance

### Features

- Background Scan
- Security Advisor
- Privacy Advisor
- Call & Message Filter
- Register with TRAI
- Anti-Theft Technology
- Virus Protection
- Mobile Tracker
- Cloud Backup
- Insurance cover - Theft
- Physical and Liquid Damage
- Fire Damage
- Remote Device Management

# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO



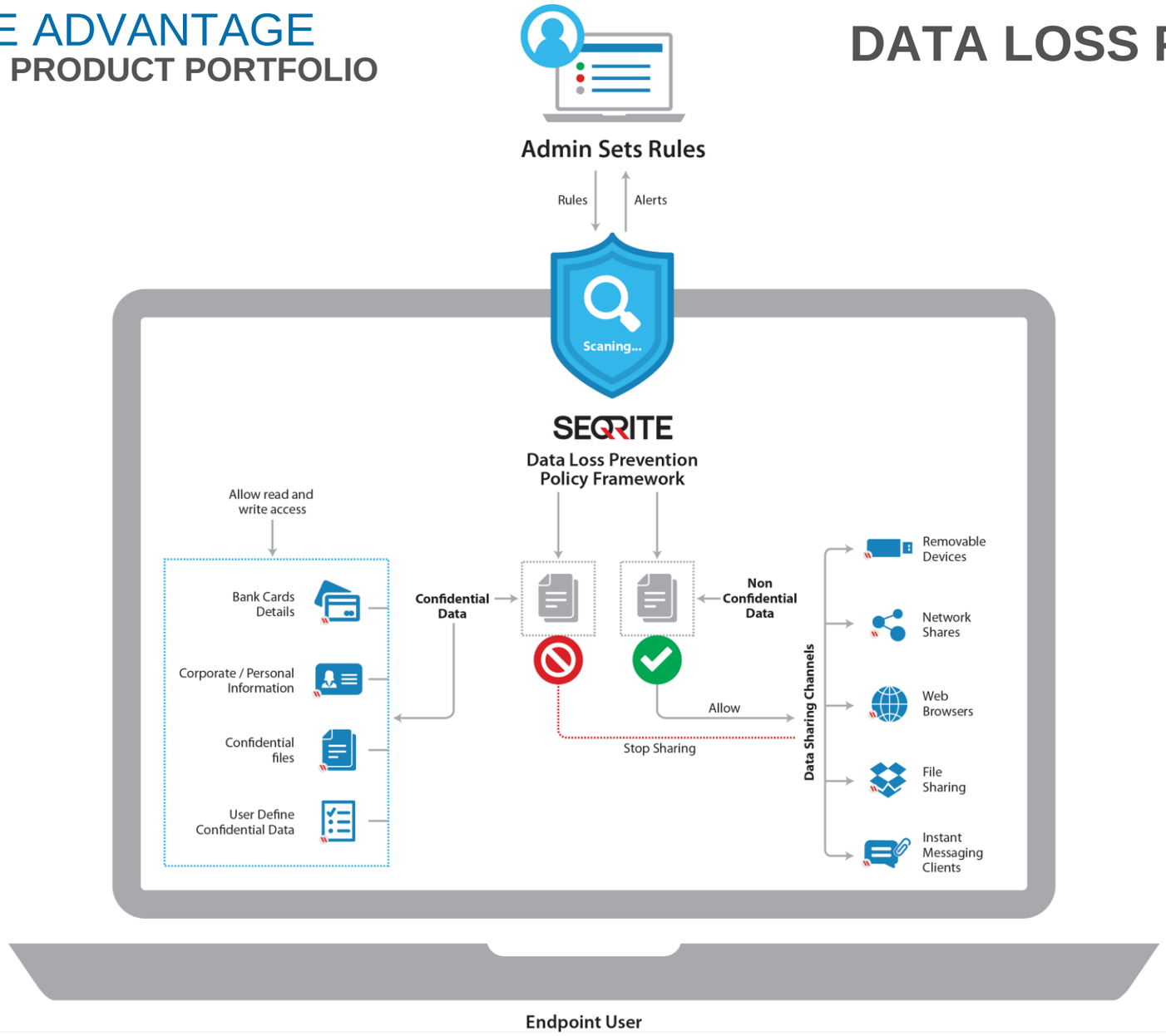

# SEQRITE ENDPOINT SECURITY

### Features

- Asset Management
- File Activity Monitor
- Advance Device Control
- Vulnerability Scan
- Other AV Removal
- Remote Client management
- Web Security
- Core Protection (AV, Firewall, IDS/IPS)
- Application Control
- Data Loss Prevention

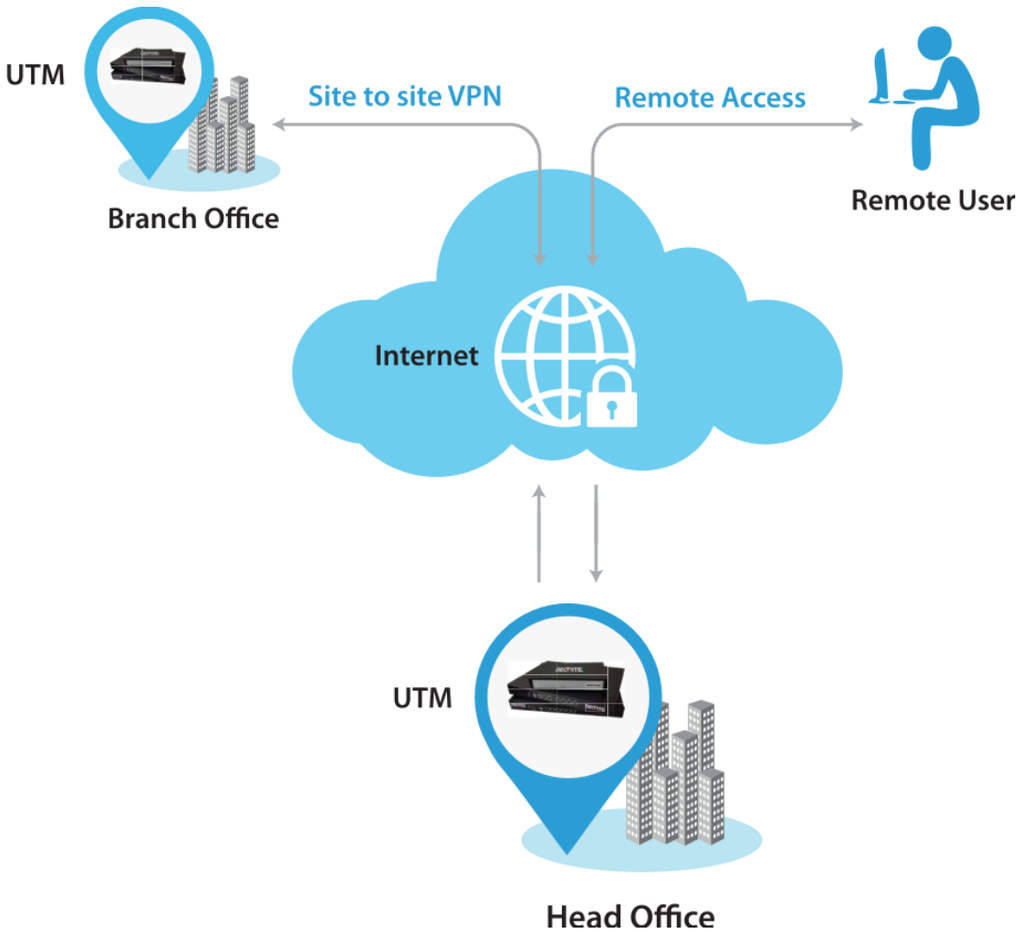
# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# DATA LOSS PREVENTION (DLP)
## WINDOWS & MAC



# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# SEQRITE TERMINATOR

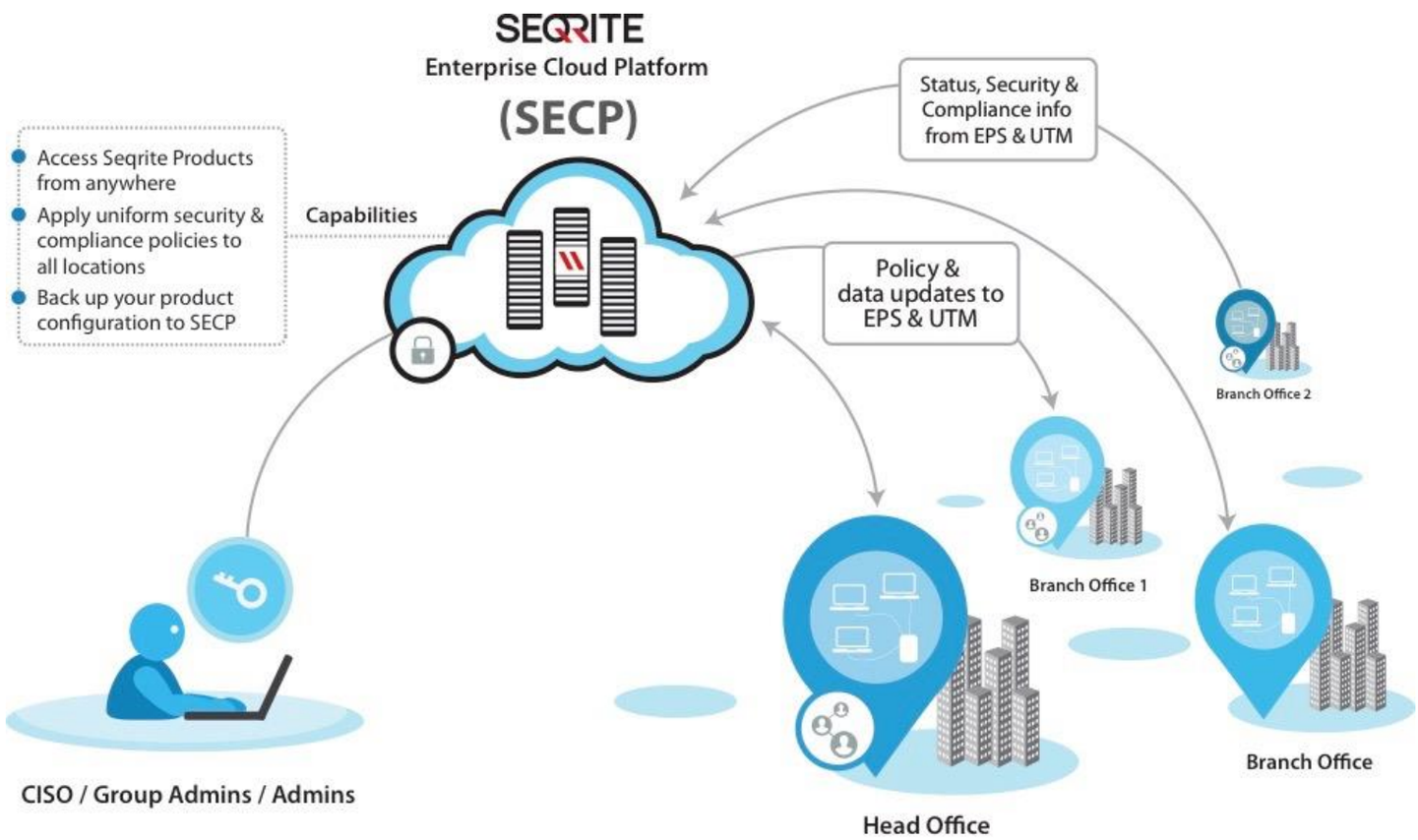



### Features

- Firewall
- Antivirus
- Mail Protection
- Content Filtering
- IPS
- Application Control
- ISP Load Balance
- ISP Failover
- Link Aggregation
- Bandwidth Management
- User / Group management
- Monitoring and Reporting

# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# SEQRITE ENTERPRISE CLOUD PLATFORM

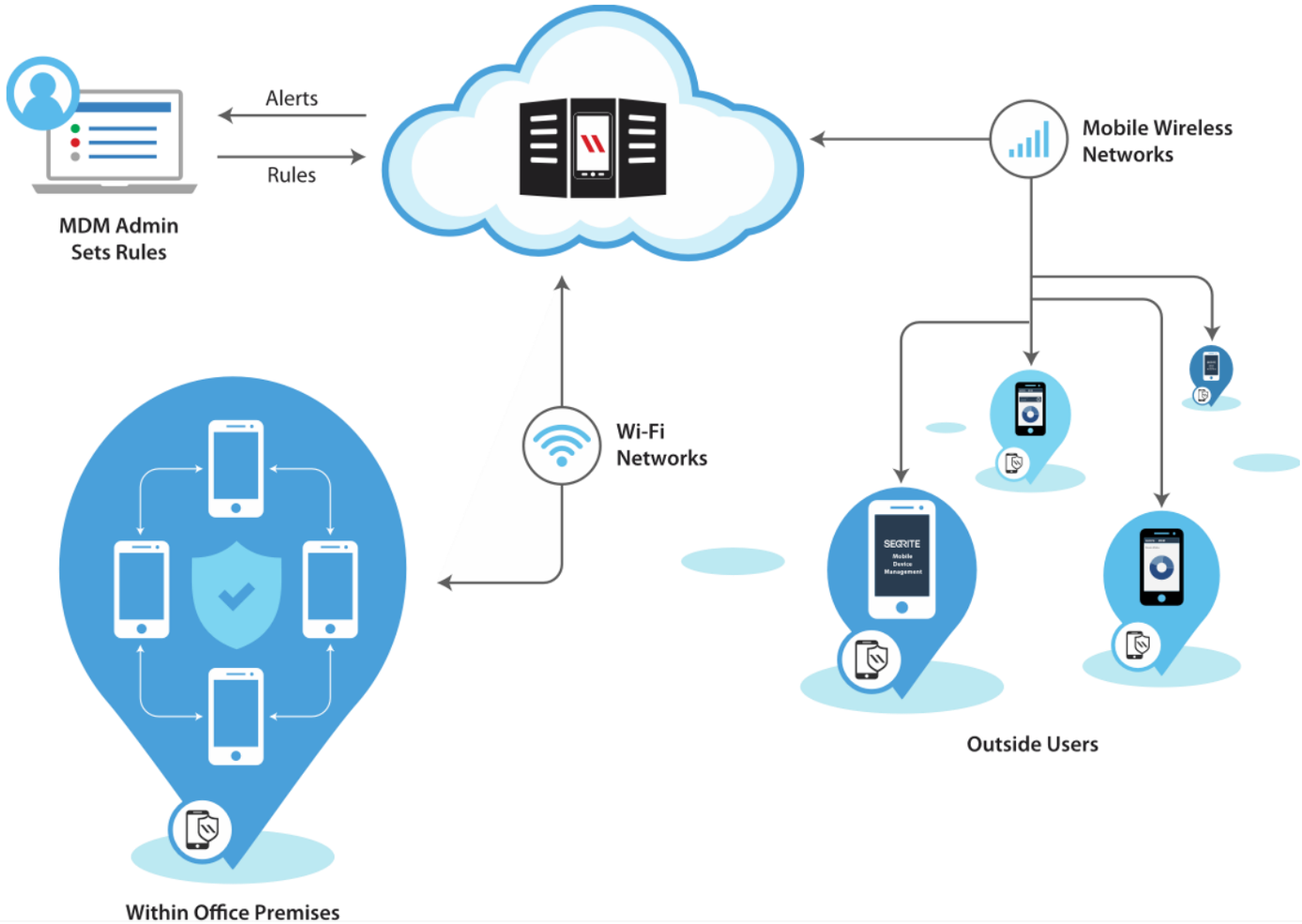



### Features

- Get status, security and compliance info from EPS, Terminator products
- Access Seqrite products from anywhere and anytime
- Apply uniform security policies at all locations
- Backup important Seqrite product comfiguration to cloud

# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# SEQRITE MOBILE DEVICE MANAGEMENT

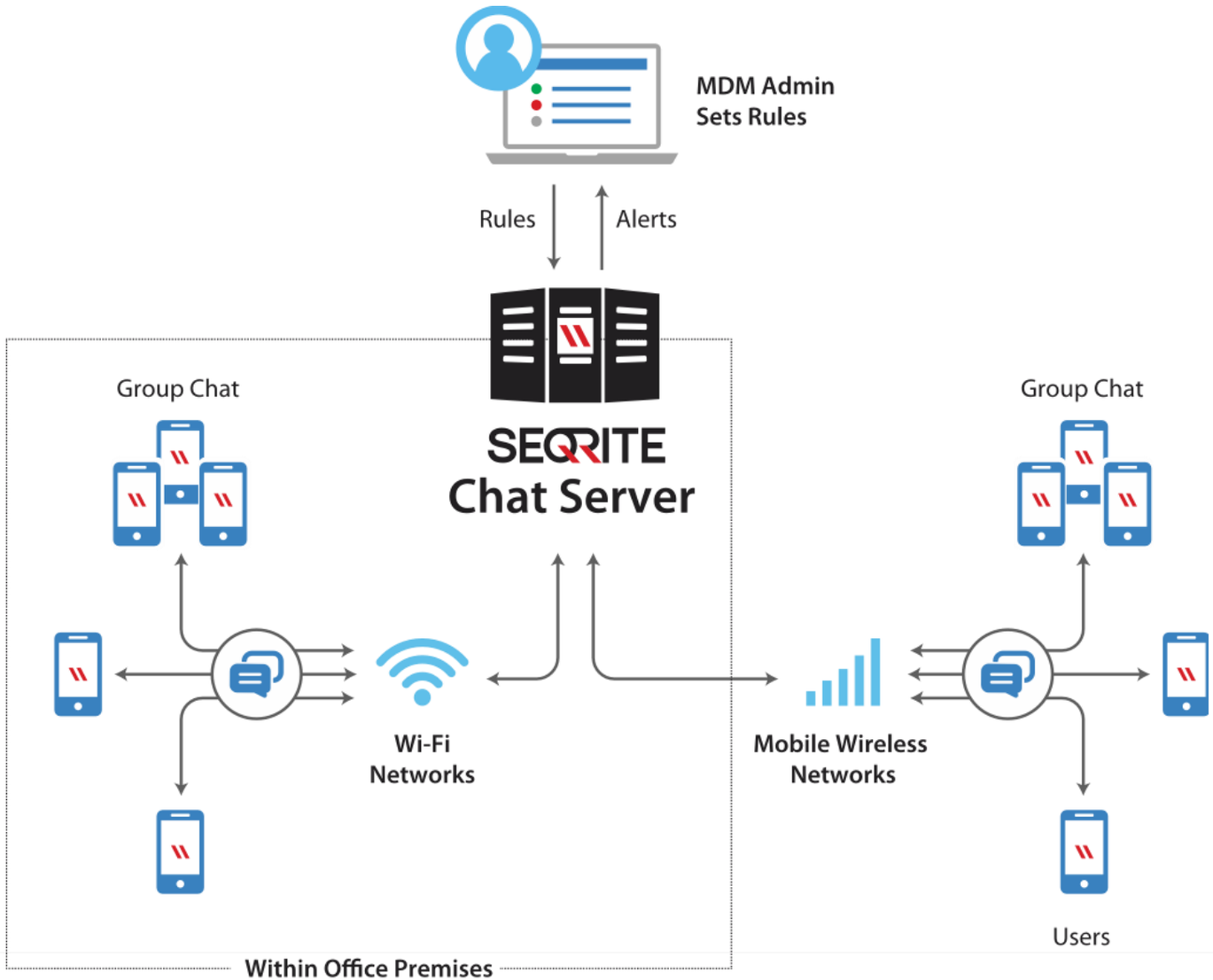



### Features

- Manage users, devices, groups
- OTA provisioning of devices
- Remotely push configuration and policies
- Application control
- Anti-theft (ring / lock / locate / trace)
- Remote wipe

# COMPETITIVE ADVANTAGE
## COMPREHENSIVE PRODUCT PORTFOLIO

# SEQRITE SECURE CHAT




### Features

- Manage chat groups, policies
- One-to-One chat
- Share files (image, audio, video, etc.)
- Group Chat
- Evaporated & Private messages

# COMPETITIVE ADVANTAGE

## EXTENSIVE PAN-INDIA DISTRIBUTION NETWORK

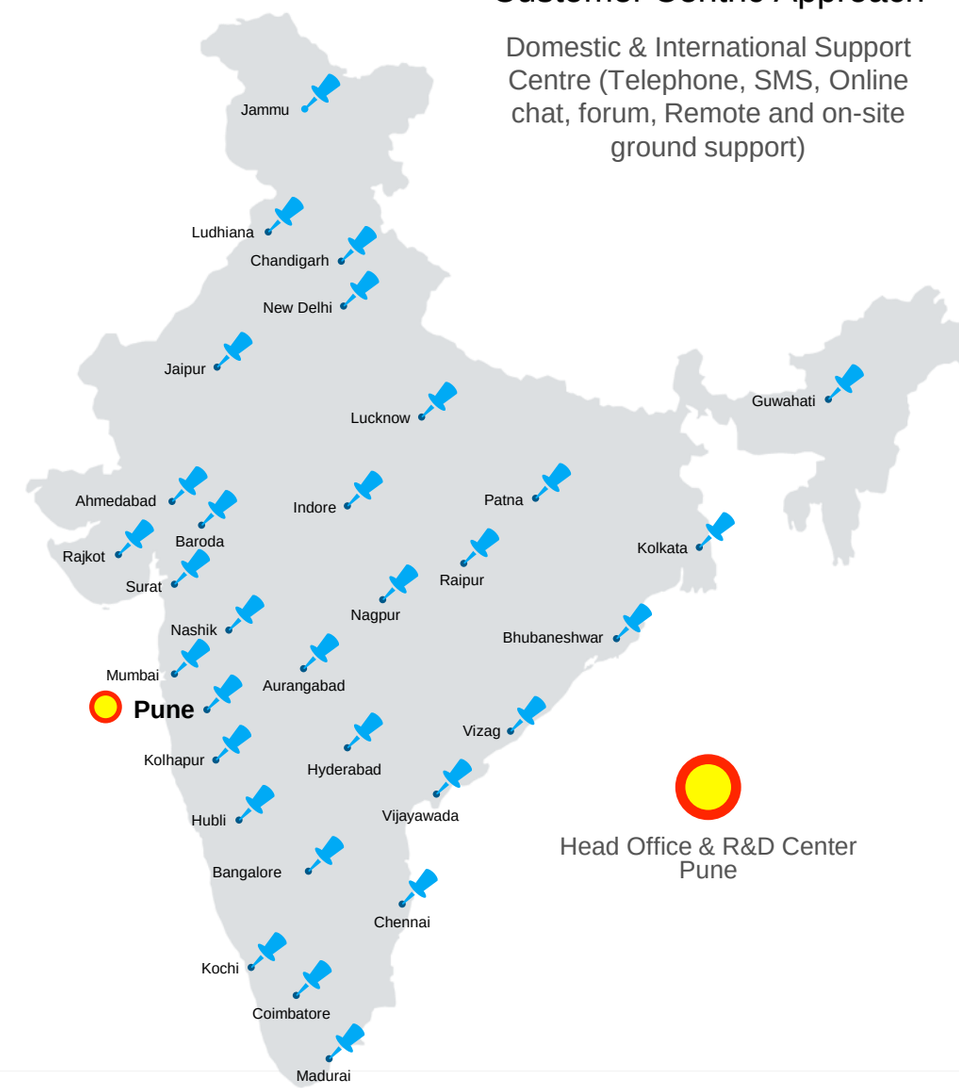
Quick Heal – 64 offices & warehouses across 36 cities in India

| Retail Network | Enterprise & Government Network | Mobile Channel |
|---|---|---|
| 18,041 | 577 | 1,189 |
| End Users | End Users | End Users |
| Signed Agreements<br>Annual Sales Targets<br>Attractive Sales Incentives | Sales team is closely involved in maximising product availability across the channel and providing technical / sales assistance | Certifications programmes for enterprise channel partner empowerment & education<br>On-going training (4 technical support centres) to channel partners for providing support services to end users |

Significant National Outreach and Penetration

### Customer Centric Approach

Domestic & International Support Centre (Telephone, SMS, Online chat, forum, Remote and on-site ground support)



# COMPETITIVE ADVANTAGE

## SUPERIOR CUSTOMER SUPPORT

**Strong Emphasis on Efficient Customer Service**

**Remote Access Support – Key Differentiator**

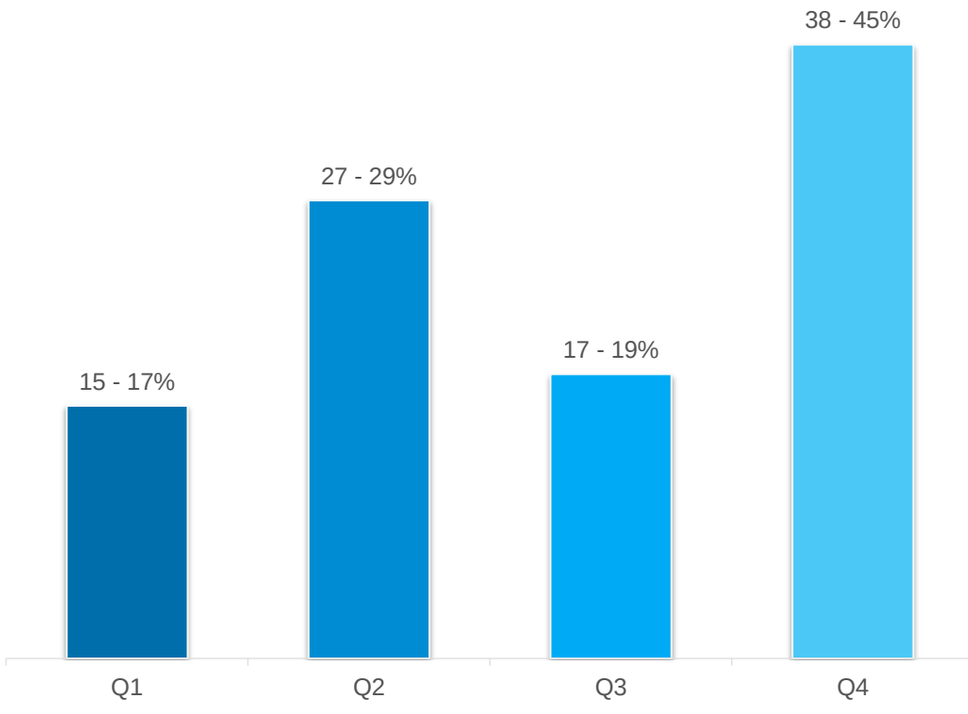
**Maintain High Levels of User Satisfaction and Retention**

### STRONG CUSTOMER SUPPORT – SINGLE LARGEST DIFFERENTIATOR

- Multi-lingual end user support in English, Hindi and several other major regional Indian languages
- Multi-modal support to users through phone, email, SMS, online chat, support forum and remote access
- Ground support and onsite support for non-home users pan India
- Availability of data sheets, product videos and manuals on website for providing information on technical specifications, installation guide, upgrade mechanisms
- Release of various articles, technical papers, quarterly threat reports and conducting webinars in the area of security software

# BUSINESS MODEL

## SEASONALITY IMPACT ON REVENUES & MARGINS




**QUARTERLY REVENUES - % OF ANNUAL**

### SEASONALITY IMPACT ON REVENUES & MARGINS:

- Revenues are higher in Q2 and Q4.
- R&D, G&A expenses are spread across all four quarters
- Hence, there is variation in EBITDA margin on quarterly basis

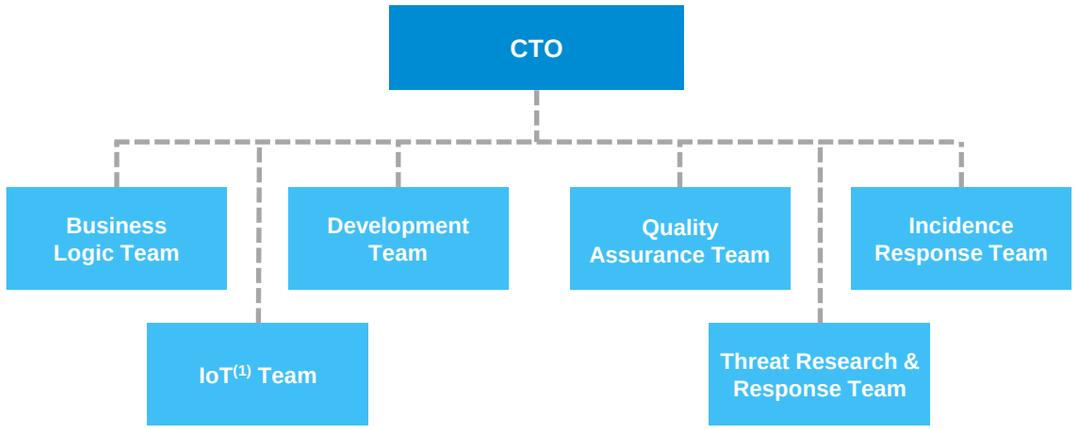
Source: Industry Overview and Trends – India and IT Security Market India - Inferences - Zinnov

Note: Fiscal year ends on March 31 of each year as shown above

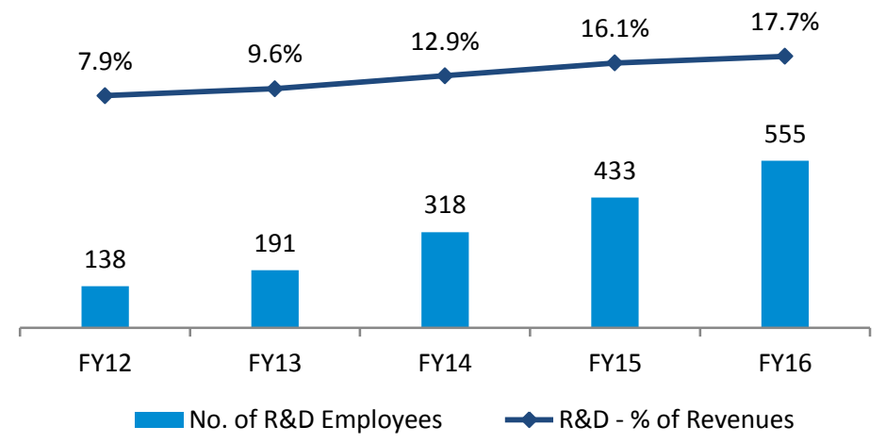
# BUSINESS MODEL

## THRUST ON RESEARCH & DEVELOPMENT

### R&D DEPARTMENT STRUCTURE




### CONTINUOUS FOCUS AND INVESTMENTS IN R&D




### ROBUST R&D FRAMEWORK TO ACTIVELY TRACK AND QUARANTINE NEW VIRUSES

- **Business Logic Team** - helps in building product roadmaps and devising appropriate strategies.
- **Product Development Team** - responsible for the design and development of various products and solutions.
- **Incidence Response Team** – responsible for any emergency situation/incident at any enterprise security infrastructure.
- **Threat Research and Response Team** -takes part in detection of and removal of reported viruses and malwares
- **Internet of Things Security Team** - create products and solutions for home automation security
- **Quality Assurance Team** - provides systematic measurement, standard evaluation and monitoring of processes.

**Earmarked Rs 418.8 mn from IPO proceeds to be spent on R&D investments over next 3 years**

**Indian GAAP Financial Reporting with full expensing of R&D expenses**

# STRONG DRIVERS FOR LONG-TERM GROWTH

**Retain and Expand User Base**

- Special focus on Tier II and Tier III towns
- Tailored offerings for SMB and enterprise users
- Develop and promote software-as-a-service model

**Grow SMB and Enterprise Business**

- Plans to focus on manufacturing, BFSI, healthcare, hospitality industries
- Reach out to SMBs, identify new SMB opportunities, increase engagement with channel partners

**International Expansion**

- Focus on international expansion through consistent brand building and marketing effort including media events and exhibitions
- Exploring opportunities in Africa, Middle East & South East Asia

**Expand Mobile Capabilities**

- Develop product for upcoming platforms like Androids, Windows, Linux, iOS to address opportunities in consumer enterprise.
- Monetize opportunities of our free solutions for mobile devices

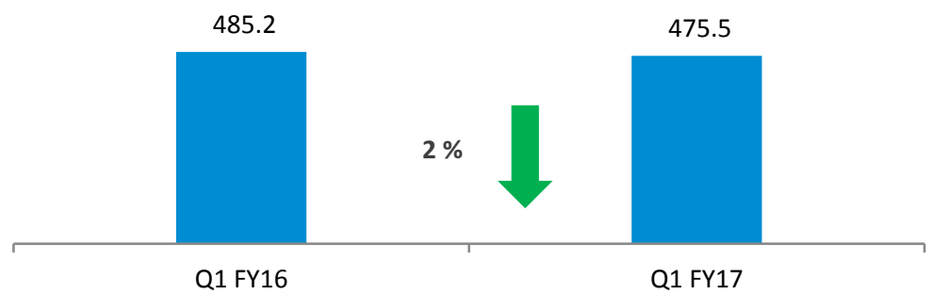
**Strengthen R&D Investments and Broaden Product Portfolio**

- Work ongoing on several new technologies such as IoT and home security automation
- Has 4 US patents to its credit. Awaiting 3 Indian patents

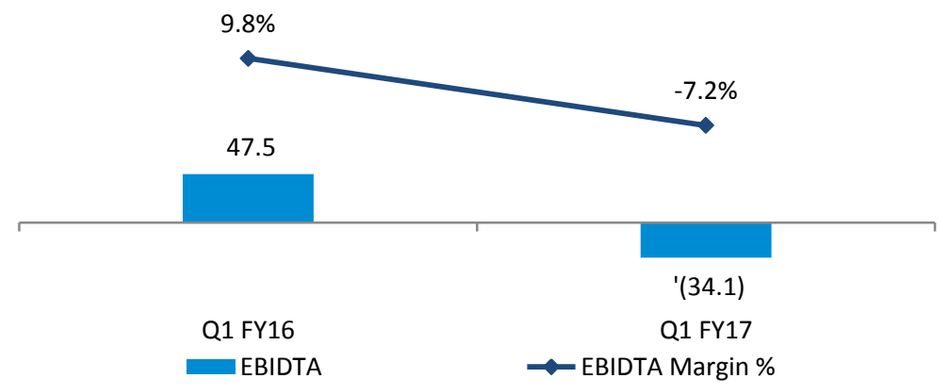
# Q1 FY17 RESULTS HIGHLIGHTS

In Rs. Million

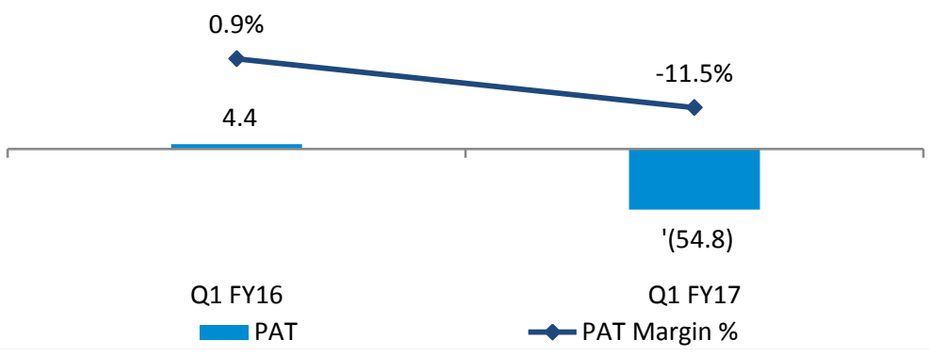
## REVENUES



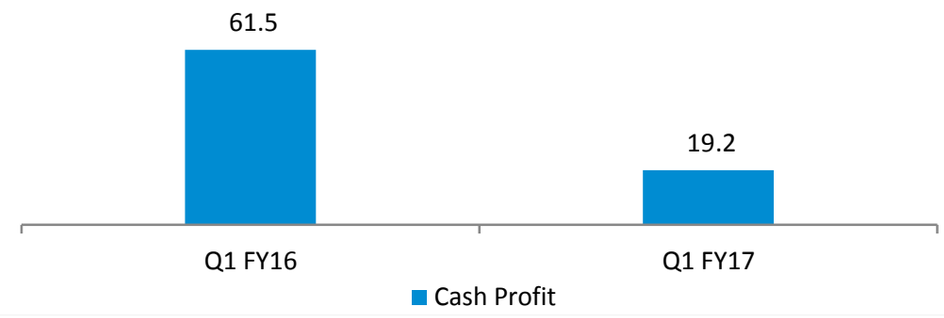

## EBITDA and EBITDA MARGIN




## PAT and PAT MARGIN




## CASH PROFIT

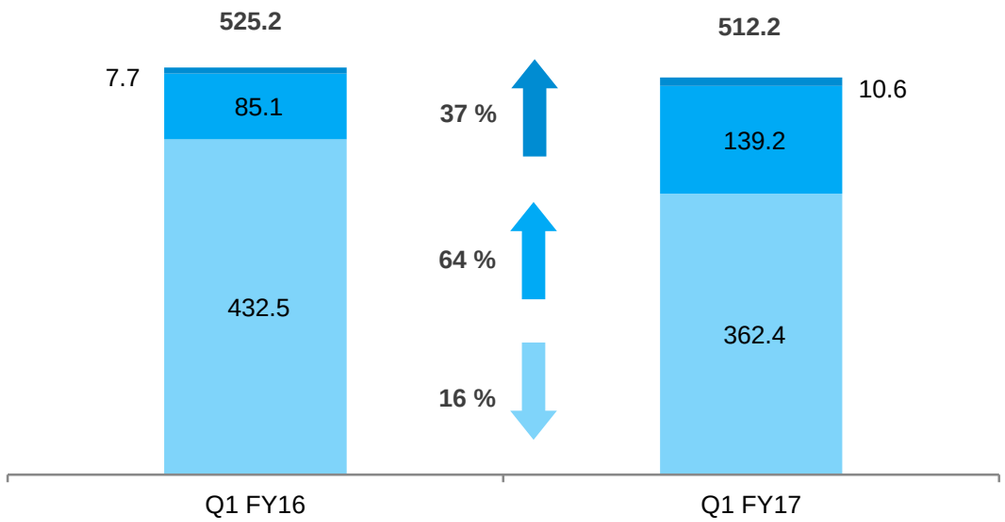



* Based on IND-AS Accounting Standards

# Q1 FY17 – REVENUE ANALYSIS

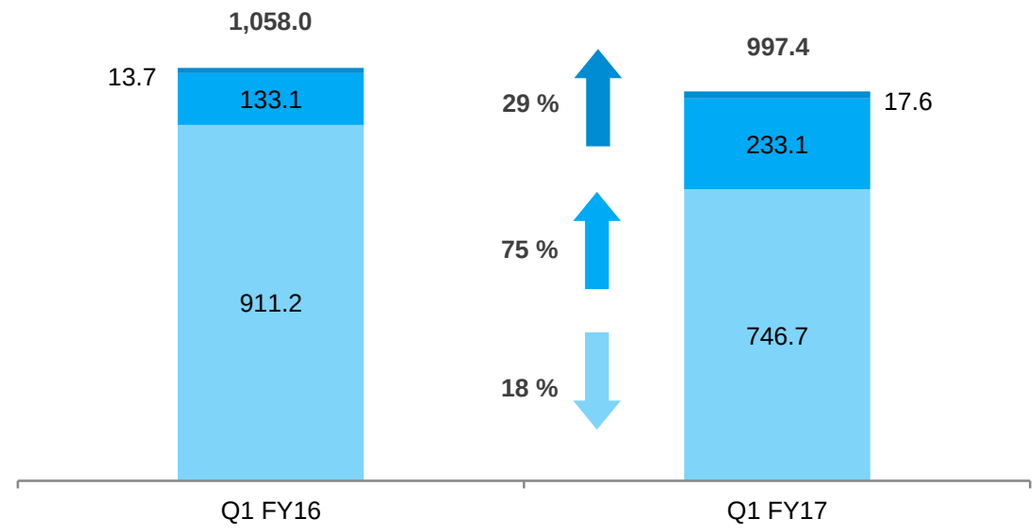
In Rs. Million

## SEGMENT BREAKUP *




| % Share | Q1 FY16 | Q1 FY17 |
|---|---|---|
| Retail | 82.3% | 70.8% |
| Enterprises & Government | 16.2% | 27.2% |
| Mobile | 1.5% | 2.1% |

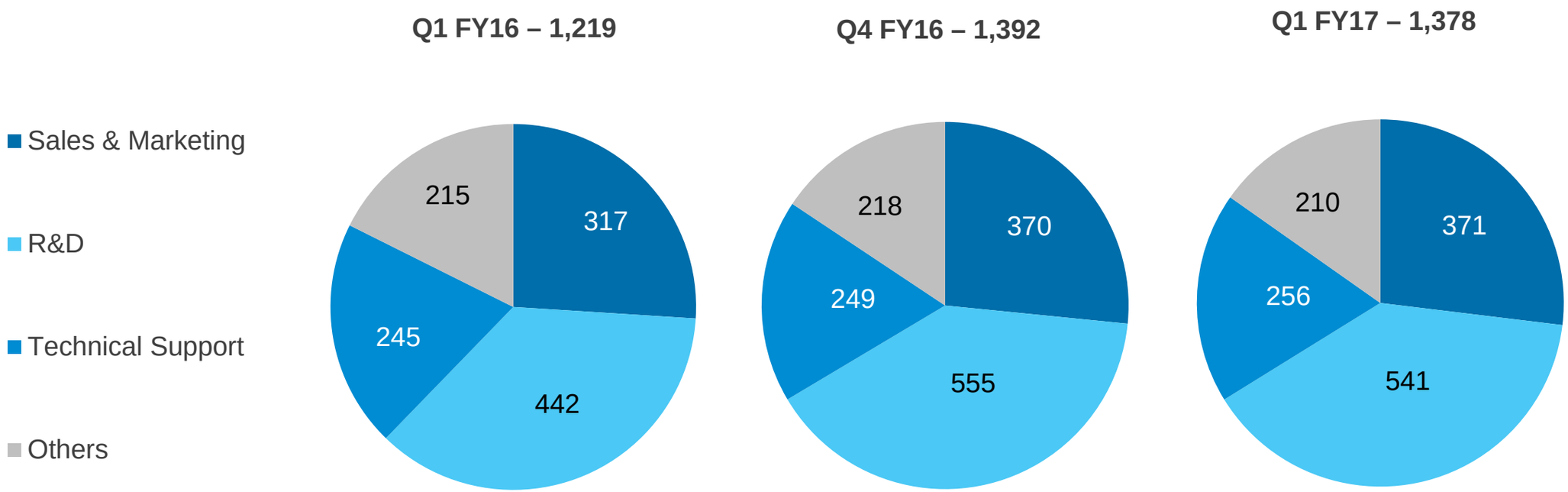
## NUMBER OF LICENSES SOLD ('000)




| % Share | Q1 FY16 | Q1 FY17 |
|---|---|---|
| Retail | 86.1% | 74.9% |
| Enterprises & Government | 12.6% | 23.4% |
| Mobile | 1.3% | 1.8% |

* Based on net revenues before adjusting for sales incentives

# Q1 FY17 – EMPLOYEE BREAKUP



# Q1 FY17 – CHANGES RELATED TO IND-AS FINANCIALS

**Note relating to Ind-AS financials and changes related thereto**

- As per SEBI pronouncements, due to first time implementation of Ind-AS, companies can issue Ind-AS financials for the quarter, and the same quarter last year

- A reconciliation between the Ind-AS revenue and Indian GAAP revenue is being provided herewith.

- As per SEBI rules, we have opted for publishing the standalone financials for the quarter. A set of consolidated financials is also provided, consolidating the financials for subsidiaries also, however, these are not auditor reviewed.

# Q1 FY17 CONSOLIDATED RESULTS – PROFIT & LOSS

Rs Million

| S.No | Head | Consolidated | | | |
|---|---|---|---|---|---|
| | | Q1 FY17 | Q1 FY16 | Growth | % Change |
| **1** | **Revenue** | **475.5** | **485.2** | **(9.7)** | **(2.0%)** |
| 2 | Direct Cost | 45.5 | 54.1 | (8.5) | (15.7%) |
| **3** | **Gross profit** | **429.9** | **431.1** | **(1.2)** | **(0.3%)** |
| **4** | **Gross Margin, %** | **90.4%** | **88.9%** | | |
| | | | | | |
| | **Operating Costs** | | | | |
| 5 | R&D Cost | 158.8 | 139.6 | 19.2 | 13.8% |
| 6 | Sales and Marketing (S&M) | 150.2 | 139.3 | 10.9 | 7.8% |
| 7 | General Administration (G&A) | 154.9 | 104.7 | 50.2 | 47.9% |
| **8** | **Total** | **463.9** | **383.6** | **80.3** | **20.9%** |
| | | | | | |
| **9** | **EBIDTA** | **(34.0)** | **47.5** | **(81.5)** | **(171.6%)** |
| | | | | | |
| 10 | Depreciation / Amortization | 74.0 | 57.0 | 1.7 | 29.8% |
| | | | | | |
| **11** | **EBIT** | **(108.0)** | **(9.5)** | **(98.5)** | **1036.8%** |
| | | | | | |
| 12 | Other Income | 72.3 | 18.8 | 53.5 | 284.6% |
| | | | | | |
| 13 | Profit Before Tax & Exceptional Item | **(35.6)** | **9.2** | (44.8) | (486.9%) |
| 14 | Exceptional Item | 37.8 | 0.0 | 37.8 | - |
| 15 | Tax | (18.7) | 4.9 | (23.6) | (481.6%) |
| **16** | **Profit After Tax** | **(54.7)** | **4.3** | **(59.0)** | **(1372.1%)** |
| | **Revenue Reconciliation between IGAAP and IND-AS** | | | | |
| **1** | **Revenue (Gross)** | 561.5 | 566.4 | | |
| 2 | Taxes | 49.3 | 41.2 | | |
| **3** | **Net revenue** | **512.2** | **525.2** | | |
| 4 | Less Dealer Incentive | 36.7 | 40.1 | | |
| **5** | **Net revenue after Dealer Incentive** | **475.5** | **485.2** | | |

# Q1 FY17 CONSOLIDATED RESULTS – COST ANALYSIS

Rs Million

| Particulars | Q1 FY17 @ | Q1 FY16 @ | Q4 FY16 # |
|---|---|---|---|
| | | | |
| **Operating Cost** | | | |
| | | | |
| Salaries | 120.8 | 94.3 | 116.6 |
| Fees for technical services | 25.1 | 30.6 | 19.0 |
| Technology subscription charges | 12.8 | 14.6 | 25.7 |
| **R&D Expenses (A)** | **158.8** | **139.6** | **161.3** |
| | | | |
| Salaries | 72.4 | 54.7 | 61.3 |
| Advertising Expenses | 34.3 | 53.4 | 71.3 |
| Sales Promotion | 14.1 | 7.4 | 108.8 |
| Traveling and conveyance | 10.9 | 8.1 | 12.6 |
| Technical Support Cost | 18.2 | 15.5 | 18.0 |
| **Selling & Marketing Expenses (B)** $ % | **150.2** | **139.3** | **272.0** |
| | | | |
| Salaries | 36.3 | 37.0 | 34.7 |
| Other Expenses | 118.5 | 67.6 | 93.9 |
| **G&A (C)** | **154.9** | **104.7** | **128.6** |
| | | | |
| **Total Expenditure (A+B+C) % &** | **463.9** | **383.6** | **561.9** |

@ - From the Ind-AS financials reported for Q1 FY17

# - From the Ind-GAAP numbers published in Q4 FY16

% - Sales Incentive to dealers has been taken out to equate this to Q1 FY17 figures and also for Q4 FY16, apples-to-apples

$ - Sales promotion costs are relative to revenues

& - Exceptional item, not being related to operations has been kept out of this analysis

# Q1 FY17 CONSOLIDATED RESULTS – RATIO ANALYSIS

**Ratio Analysis**

| S.No | Head | Consolidated | |
|---|---|---|---|
| | | Q1 FY17 | Q1 FY16 |
| 1 | **Expenses** | | |
| | Direct Cost / Revenue | 9.57% | 11.13% |
| | R&D / Revenue | 33.40% | 28.78% |
| | S&M / Revenue | 31.59% | 28.72% |
| | G&A / Revenue | 32.58% | 21.58% |
| | Total Cost / Revenue | 107.17% | 90.21% |
| | | | |
| 2 | **Margin** | | |
| | Gross Margin | 90.43% | 88.87% |
| | EBIDTA | -7.15% | 9.79% |
| | EBIT | -22.72% | -1.96% |
| | PBT | -15.50% | 1.90% |
| | PAT | -11.51% | 0.89% |
| | | | |
| | | | |

# Q1 FY17 STANDALONE RESULTS – PROFIT & LOSS

Rs Million

| S.No | Head | Standalone | | | |
|---|---|---|---|---|---|
| | | Q1 FY17 | Q1 FY16 | Growth | % Change |
| **1** | **Revenue** | **475.1** | **479.6** | **(4.5)** | **-0.9%** |
| 2 | Direct Cost | 42.9 | 49.3 | (6.4) | -13.0% |
| **3** | **Gross profit** | **432.2** | **430.3** | **2.0** | **0.5%** |
| **4** | **Gross Margin, %** | **90.9%** | **89.7%** | **1.0** | **1.4%** |
| | | | | | |
| | **Operating Costs** | | | | |
| 5 | R&D Cost | 158.8 | 139.8 | 19.6 | 14.0% |
| 6 | Sales and Marketing (S&M) | 136.6 | 131.1 | 5.4 | 4.2% |
| 7 | General Administration (G&A) | 151.9 | 100.4 | 51.0 | 50.8% |
| **8** | **Total** | **447.3** | **371.3** | **76.0** | **20.5%** |
| | | | | | |
| **9** | **EBIDTA** | **(15.0)** | **59.0** | **(74.0)** | **-125.5%** |
| | | | | | |
| 10 | Depreciation / Amortization | 73.9 | 57.0 | 16.9 | 29.6% |
| | | | | | |
| **11** | **EBIT** | **(88.9)** | **2.0** | **(90.9)** | **-4619.9%** |
| | | | | | |
| 12 | Other Income | 71.1 | 18.8 | 52.3 | 278.2% |
| | | | | | |
| 13 | Profit Before Tax & Exceptional Item | (17.8) | 20.8 | (38.6) | -185.8% |
| 14 | Exceptional Item | 37.8 | 0.0 | 37.8 | - |
| 15 | Tax | (18.7) | 2.4 | (21.1) | -878.3% |
| **16** | **Profit After Tax** | **(36.9)** | **18.4** | **(55.3)** | **-301.1%** |

# Q1 FY17 STANDALONE RESULTS – RATIO ANALYSIS

**Ratio Analysis**

| S.No | Head | Standalone | |
|---|---|---|---|
| | | Q1 FY17 | Q1 FY16 |
| 1 | **Expenses** | | |
| | Direct Cost / Revenue | 9.03% | 10.29% |
| | R&D / Revenue | 33.55% | 29.15% |
| | S&M / Revenue | 28.74% | 27.34% |
| | G&A / Revenue | 31.85% | 20.93% |
| | Total Cost / Revenue | 103.17% | 87.70% |
| | | | |
| 2 | **Margin** | | |
| | Gross Margin | 90.97% | 89.71% |
| | EBIDTA | -3.17% | 12.30% |
| | EBIT | -18.72% | 0.41% |
| | PBT | -11.71% | 4.33% |
| | PAT | -7.77% | 3.83% |
| | | | |
| | | | |

# Q1 FY17 CONSOLIDATED RESULTS – BALANCE SHEET

| Particulars (In Rs Mn) | Q1 FY17 | Q1 FY16 |
|---|---|---|
| **Share Holders' Funds:** | | |
| Equity Share Capital | 700.3 | 610.7 |
| Reserves And Surplus | 5,557.9 | 2,736.7 |
| **Total Of Shareholder Funds** | **6,258.2** | **3,347.4** |
| **Non-Current Liabilities:** | | |
| Long Term Borrowings | 0.0 | 0.0 |
| Deferred Tax Liabilities (Net) | 0.0 | 0.0 |
| Other Long Term Liabilities | 0.0 | 0.0 |
| Long Term Provisions | 0.0 | 0.0 |
| **Total Of Non-Current Liabilities** | **0.0** | **0.0** |
| **Current Liabilities:** | | |
| Short-Term Borrowings | 0.0 | 0.0 |
| Trade Payables | 397.4 | 339.5 |
| Other Current Liabilities | 89.9 | 542.6 |
| Short-Term Provisions | 116.4 | 32.8 |
| **Total Of Current Liabilities** | **603.7** | **914.9** |
| **Total Equity & Liabilities** | **6,861.9** | **4,262.3** |

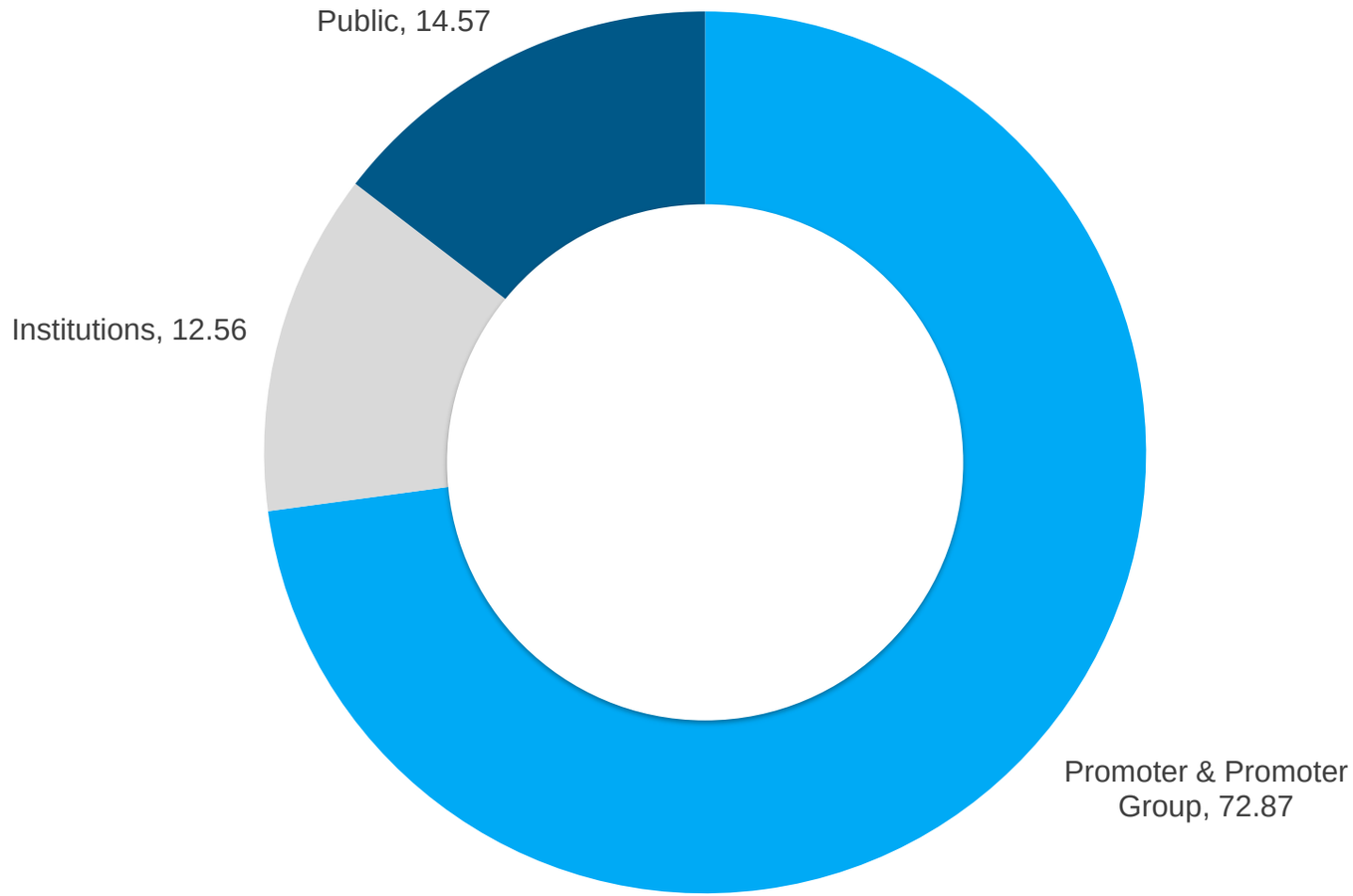
| Particulars (In Rs Mn) | Q1 FY17 | Q1 FY16 |
|---|---|---|
| **Non-Current Assets:** | | |
| **Fixed Assets** | | |
| Fixed Assets | 1,911.1 | 1,940.8 |
| Non-Current Investments | 36.5 | 3.9 |
| Deferred Tax Assets (Net) | 67.4 | 56.2 |
| Long-Term Loans And Advances | 2.9 | 1.3 |
| Other Non-Current Assets | 253.7 | 191.8 |
| **Total Non-Current Assets** | **2,271.6** | **2,194.1** |
| **Current Assets:** | | |
| Current Investments | 1,332.8 | 1,326.5 |
| Inventories | 65.1 | 80.4 |
| Trade Receivables | 616.3 | 448.3 |
| Cash And Bank Balances | 2,461.4 | 105.3 |
| Short-Term Loans And Advances | 75.4 | 62.6 |
| Other Current Assets | 39.4 | 45.1 |
| **Total Current Assets** | **4,590.3** | **2,068.1** |
| **Total Assets** | **6,861.9** | **4,262.3** |

# Q1 FY17 STANDALONE RESULTS – BALANCE SHEET

| Particulars (In Rs Mn) | Q1 FY17 | Q1 FY16 |
|---|---|---|
| **Share Holders' Funds:** | | |
| Equity Share Capital | 700.3 | 610.7 |
| Reserves And Surplus | 5,682.1 | 2,813.3 |
| **Total Of Shareholder Funds** | **6,382.4** | **3,424.0** |
| **Non-Current Liabilities:** | | |
| Long Term Borrowings | 0.0 | 0.0 |
| Deferred Tax Liabilities (Net) | 0.0 | 0.0 |
| Other Long Term Liabilities | 0.0 | 0.0 |
| Long Term Provisions | 0.0 | 0.0 |
| **Total Of Non-Current Liabilities** | **0.0** | **0.0** |
| **Current Liabilities:** | | |
| Short-Term Borrowings | 0.0 | 0.0 |
| Trade Payables | 392.4 | 334.5 |
| Other Current Liabilities | 89.6 | 541.5 |
| Short-Term Provisions | 116.4 | 32.8 |
| **Total Of Current Liabilities** | **598.3** | **908.8** |
| **Total Equity & Liabilities** | **6,980.8** | **4,332.8** |

| Particulars (In Rs Mn) | Q1 FY17 | Q1 FY16 |
|---|---|---|
| **Non-Current Assets:** | | |
| **Fixed Assets** | | |
| Fixed Assets | 1,908.6 | 1,939.8 |
| Non-Current Investments | 218.6 | 93.1 |
| Deferred Tax Assets (Net) | 67.4 | 59.3 |
| Long-Term Loans And Advances | 3.8 | 3.7 |
| Other Non-Current Assets | 255.5 | 193.0 |
| **Total Non-Current Assets** | **2,453.8** | **2,288.8** |
| **Current Assets:** | | |
| Current Investments | 1,332.8 | 1,326.5 |
| Inventories | 53.1 | 70.1 |
| Trade Receivables | 633.7 | 481.5 |
| Cash And Bank Balances | 2,394.0 | 60.3 |
| Short-Term Loans And Advances | 75.5 | 61.6 |
| Other Current Assets | 37.8 | 43.9 |
| **Total Current Assets** | **4,526.9** | **2,044.0** |
| **Total Assets** | **6,980.8** | **4,332.8** |

# SHAREHOLDING STRUCTURE




**% Shareholding – June 2016**

Source – BSE

# FOR FURTHER QUERIES

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Contact No:+91 9819289131 / 9819033209

# ANNEXURE – CONSOLIDATED BALANCE SHEET

| Particulars (In Rs Mn) | FY16 | FY15 |
|---|---|---|
| **Share Holders' Funds:** | | |
| Equity Share Capital | 700.3 | 610.7 |
| Reserves And Surplus | 5,369.0 | 2,703.7 |
| **Total Of Shareholder Funds** | **6,069.3** | **3,314.4** |
| **Non-Current Liabilities:** | | |
| Long Term Borrowings | 0.0 | 0.0 |
| Deferred Tax Liabilities (Net) | 0.0 | 0.0 |
| Other Long Term Liabilities | 0.0 | 0.0 |
| Long Term Provisions | 0.0 | 0.0 |
| **Total Of Non-Current Liabilities** | **0.0** | **0.0** |
| **Current Liabilities:** | | |
| Short-Term Borrowings | 0.0 | 0.0 |
| Trade Payables | 531.8 | 373.7 |
| Other Current Liabilities | 143.3 | 75.0 |
| Short-Term Provisions | 409.6 | 516.7 |
| **Total Of Current Liabilities** | **1,084.7** | **965.3** |
| **Total Equity & Liabilities** | **7,154.0** | **4,279.7** |

| Particulars (In Rs Mn) | FY16 | FY15 |
|---|---|---|
| **Non-Current Assets:** | | |
| **Fixed Assets** | | |
| Fixed Assets | 1,967.9 | 1,848.0 |
| Non-Current Investments | 34.2 | 4.2 |
| Deferred Tax Assets (Net) | 71.6 | 48.5 |
| Long-Term Loans And Advances | 177.7 | 172.3 |
| Other Non-Current Assets | 2.0 | 1.2 |
| **Total Non-Current Assets** | **2,253.4** | **2,074.2** |
| **Current Assets:** | | |
| Current Investments | 1,084.0 | 1,296.1 |
| Inventories | 66.7 | 78.4 |
| Trade Receivables | 945.8 | 647.6 |
| Cash And Bank Balances | 2,690.6 | 126.4 |
| Short-Term Loans And Advances | 94.6 | 55.4 |
| Other Current Assets | 19.0 | 1.6 |
| **Total Current Assets** | **4,900.6** | **2,205.5** |
| **Total Assets** | **7,154.0** | **4,279.7** |

# ANNEXURE – CASE STUDIES

**AIMIL LIMITED**

Nature of Business – Civil Engineering

| CLIENT CHALLENGES | QUICK HEAL SOLUTION |
|---|---|
| ▪ Ensure uniformity and consistency across multiple company locations / endpoints<br>▪ Manage IT systems and policies across multiple company locations / endpoints<br>▪ Continuous ongoing support from the IT security provider for real-time problem resolution | ▪ Seqrite Cloud solution - Seqrite Endpoint Security's roaming platform allows monitoring of all endpoints even when they are out of the local network.<br>▪ Dedicated quick Heal manager allocated to address on-demand local and remote support issues |

**SARDAR PATEL UNIVERSITY**

Nature of Business – Education

| CLIENT CHALLENGES | QUICK HEAL SOLUTION |
|---|---|
| ▪ Prevent loss of sensitive data<br>▪ Provide adequate and efficient support for IT resource management<br>▪ Allow multiple polices / rules to be implemented for different student groups | ▪ Seqrite Endpoint Security - advanced browsing and spam protection solution that blocks viruses before they enter the network<br>▪ Provides group policy management feature that allows the university to customise user groups and define individual policies<br>▪ Dedicated technical account manager allocated to reduce dependency on external resources and support expenses |

# ANNEXURE – CASE STUDIES

**BOMBAY HOSPITAL, INDORE**

Nature of Business – Healthcare & Hospitals

| CLIENT CHALLENGES | QUICK HEAL SOLUTION |
|---|---|
| ▪ Prevent loss of bandwidth due to employees accessing social media sites<br>▪ Allow the hospital to implement uniform policies across all systems<br>▪ Prevent slowing down and frequent freezing of systems within the hospital network | ▪ Seqrite Endpoint Security - allows the hospital to implement website filtering to block individual sites or category-based sites<br>▪ Provides group policy management feature that allows the hospital to define user groups and assign policies<br>▪ Allows cleaning up of junk files and deletes invalid registry entries to optimize system speed and avoid unwanted disruptions |

**PUBLIC WORKS DEPARTMENT – DEHRADUN**

Nature of Business – Government Authority for State Road Network

| CLIENT CHALLENGES | QUICK HEAL SOLUTION |
|---|---|
| ▪ Prevent loss of bandwidth due to employees accessing unwanted websites<br>▪ Allow installation of crucial software without slowing down the network<br>▪ Provide adequate technical support and services for addressing issues | ▪ Seqrite Endpoint Security - allows website filtering to restrict access to unwanted websites to preserve network bandwidth<br>▪ Includes an application control feature that blocks categories of applications from functioning within the network<br>▪ Dedicated technical account manager to resolve technical issues from time to time |