

Ref No.: QHTL/Sec/SE/2017-18/65

10th November, 2017

The Manager,
Corporate Services,
BSE Limited,
14th floor, P J Towers, Dalal Street,
Mumbai - 400 001
Ref: Security ID : QUICKHEAL
Security Code: 539678

The Manager,
Corporate Services,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: QUICKHEAL
Series : EQ

Subject: Result Presentation for the quarter ended Q2FY18

Dear Sir/Madam,

Please find enclosed herewith Result Presentation for the quarter ended Q2FY18, for your records.

Please acknowledge the receipt.

Thanking you,

For Quick Heal Technologies Limited

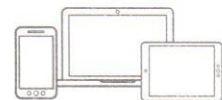


Raghav Mulay
Company Secretary

Encl: As above



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Quick Heal Technologies Limited

Q2 & FY18 – Results Update

November 2017



DISCLAIMER

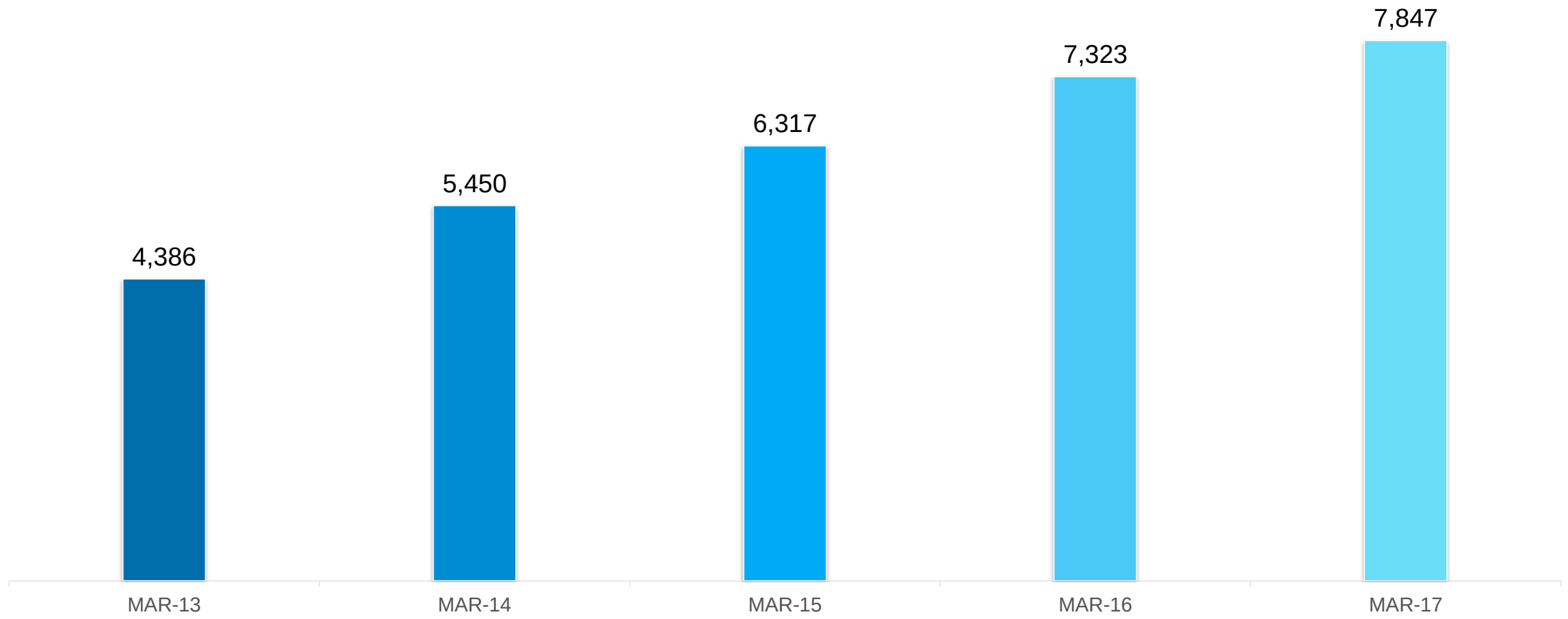
This presentation and the following discussion may contain “forward looking statements” by Quick Heal Technologies Limited (“Quick Heal” or the “Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives are based on the current beliefs, assumptions, expectations, estimates and projections of the management of Quick Heal about the business, industry and markets in which Quick Heal operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond Quick Heal’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

Such statements are not and should not be construed as a representation of future performance or achievements of Quick Heal. In particular, such statements should not be regarded as a projection of future performance of Quick Heal. It should be noted that the actual performance or achievements of Quick Heal may vary significantly from such statements.

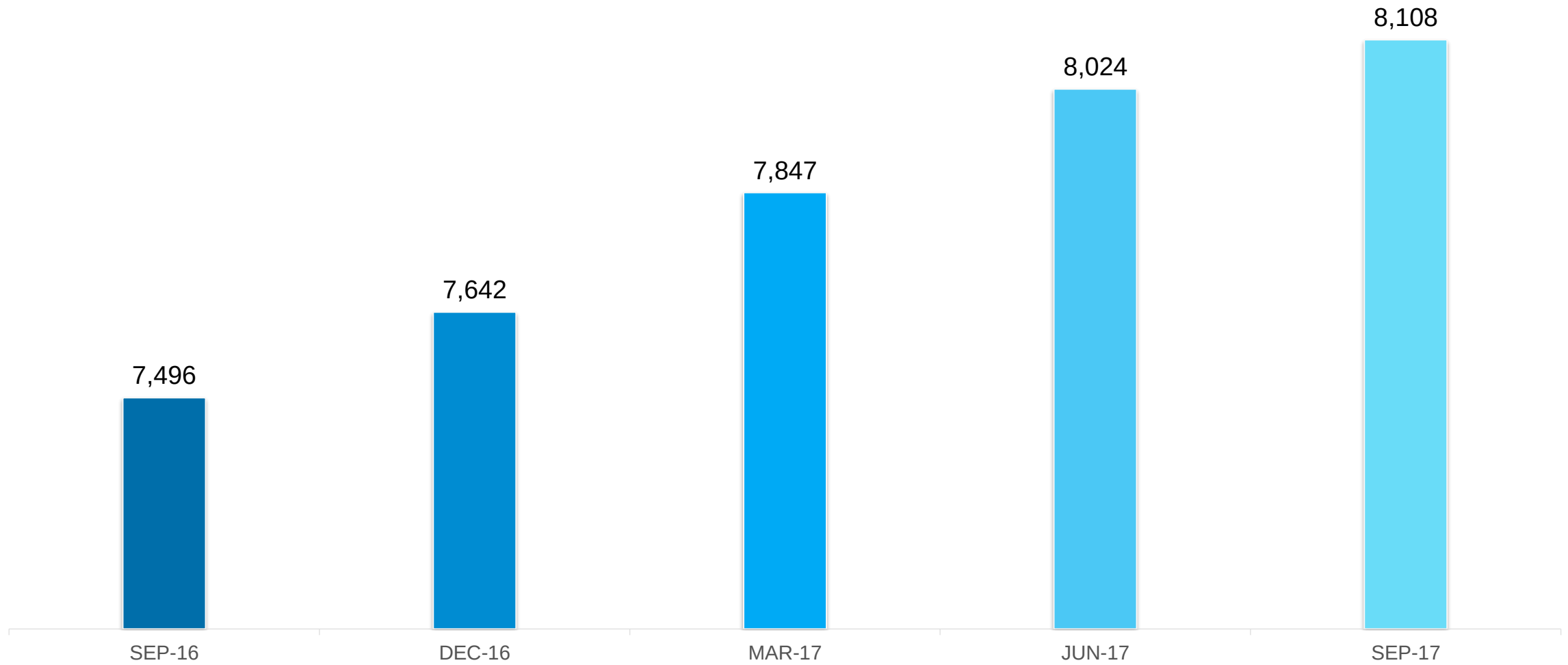
LARGE AND GROWING USER BASE

ACTIVE LICENSES ('000) – ANNUAL GROWTH TREND



LARGE AND GROWING USER BASE

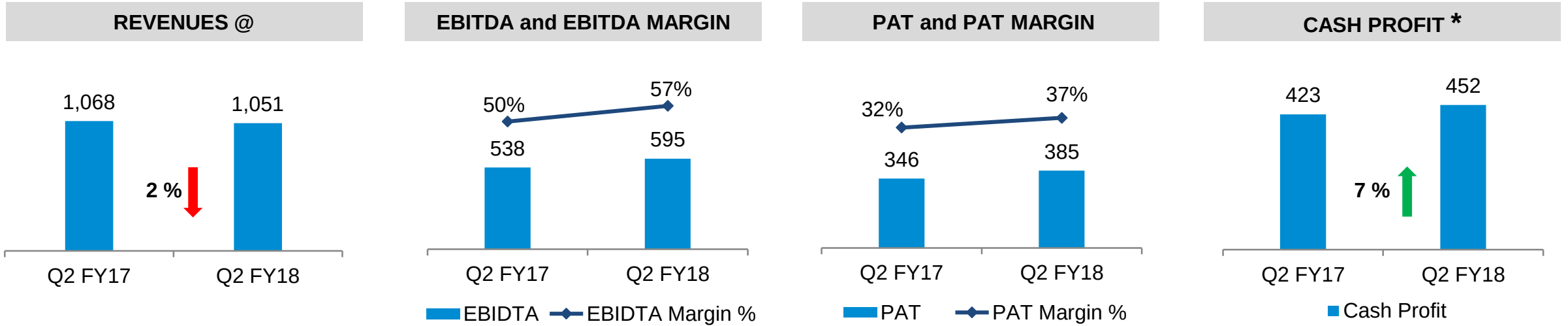
ACTIVE LICENSES ('000) – QUARTERLY GROWTH TREND



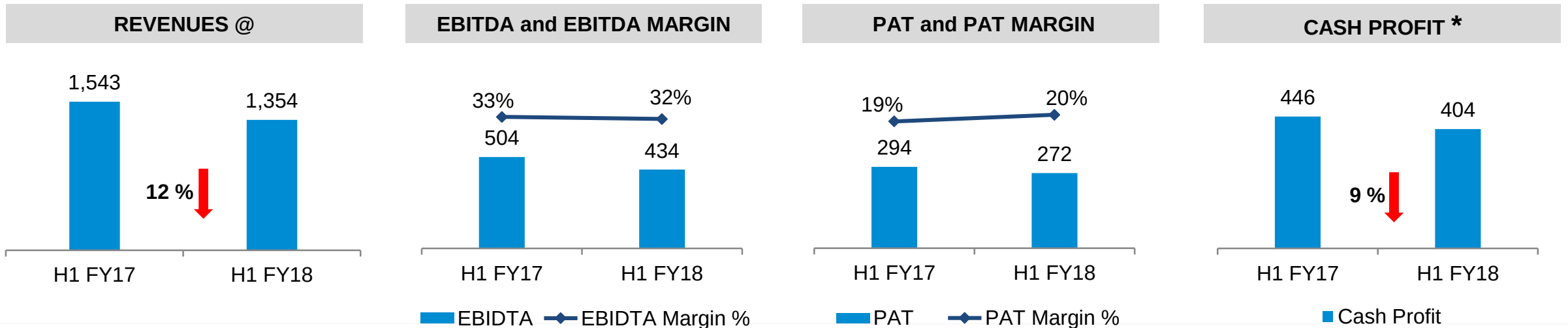
Q2 & H1 FY18 RESULTS HIGHLIGHTS

In Rs. Million

Q2 FY18 YoY ANALYSIS



H1 FY18 YoY ANALYSIS



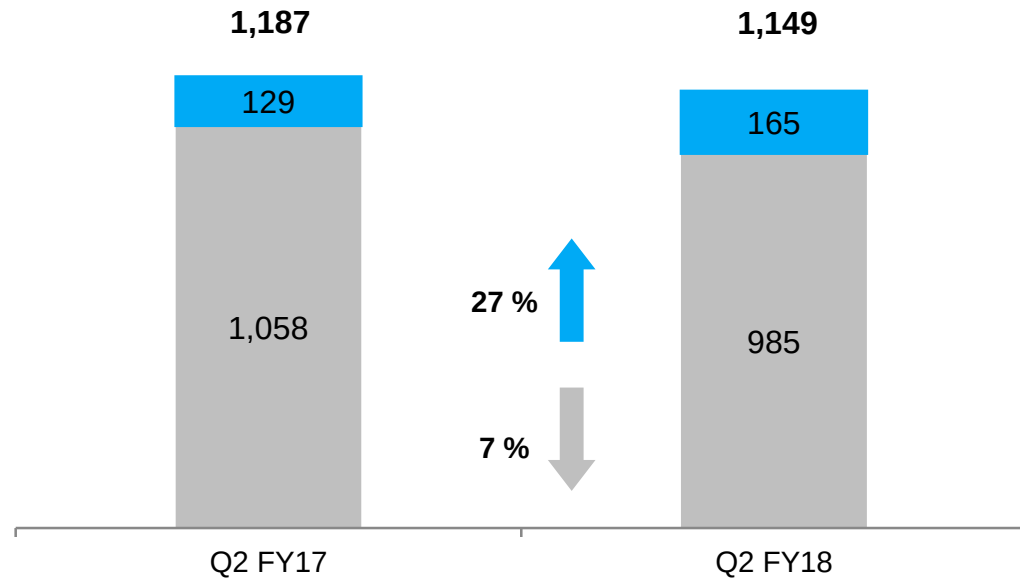
@Revenue has been disclosed net of GST and Dealer Incentives.

Q2 & H1 FY18 – REVENUE ANALYSIS

In Rs. Million

Q2 FY18 YoY ANALYSIS

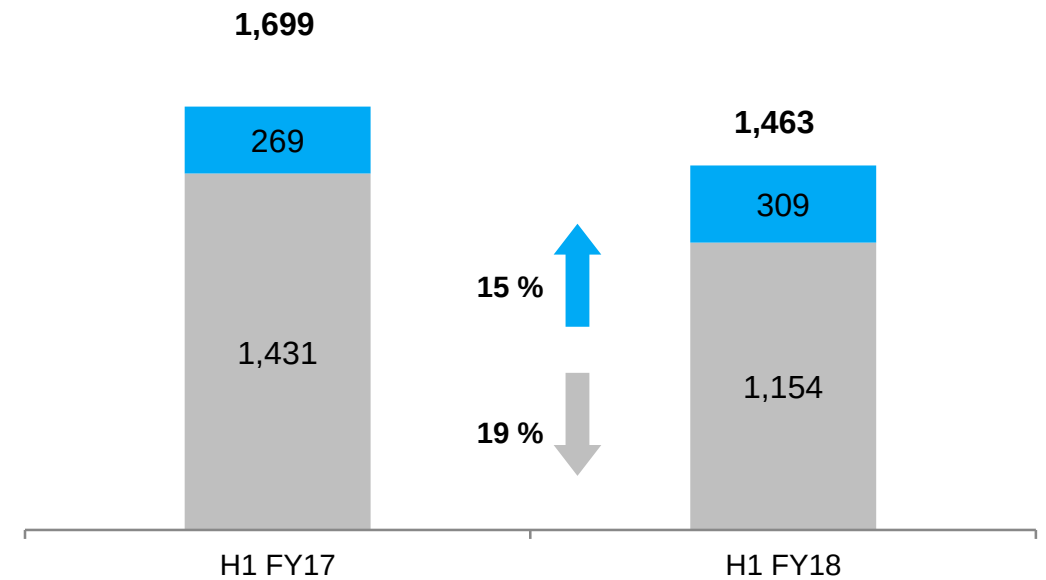
SEGMENT BREAKUP *



% Share	Q2 FY17	Q2 FY18
■ Retail	89%	86%
■ Enterprises & Government	11%	14%

H1 FY18 YoY ANALYSIS

SEGMENT BREAKUP *

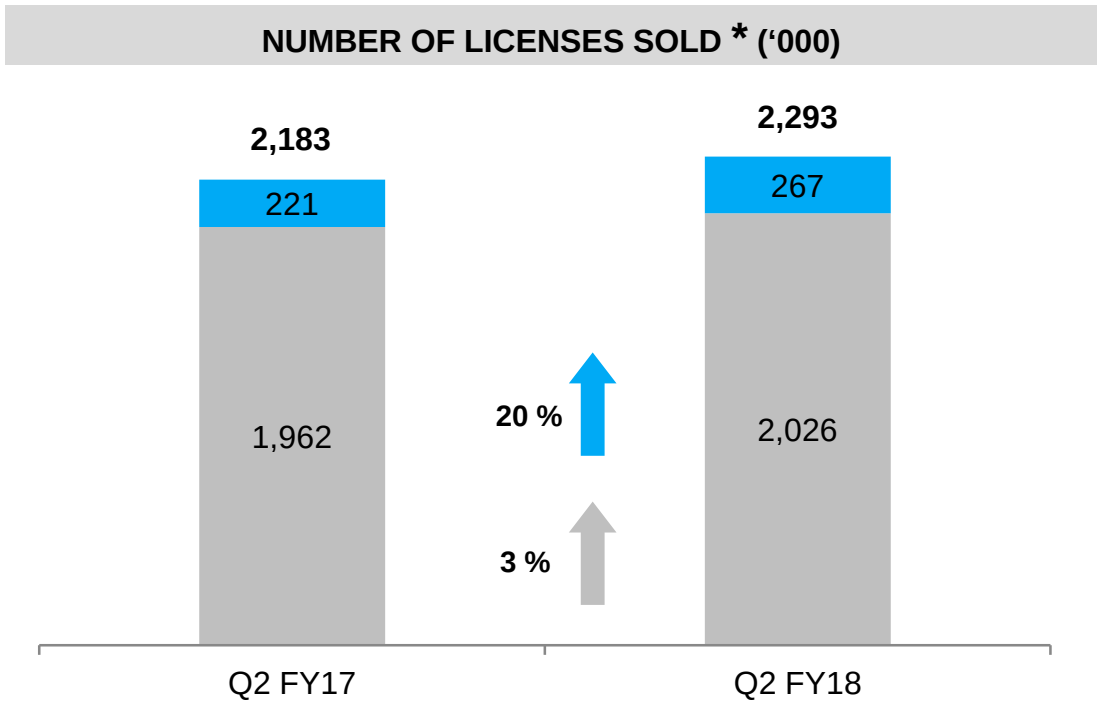


% Share	H1 FY17	H1 FY18
■ Retail	84%	79%
■ Enterprises & Government	16%	21%

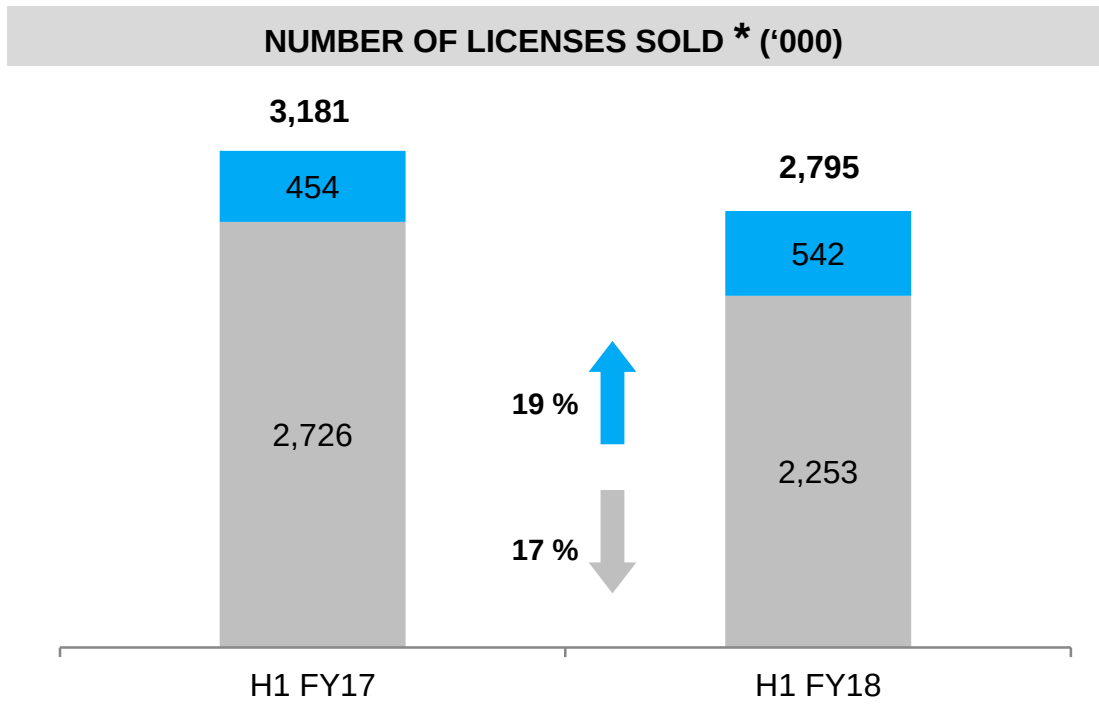
*Based on net revenues before adjusting for sales incentives

Q2 & H1 FY18 – LICENSE SELLING PATTERN

Q2 FY18 YoY ANALYSIS



H1 FY18 YoY ANALYSIS



% Share	Q2 FY17	Q2 FY18
■ Retail	90%	88%
■ Enterprises & Government	10%	12%

% Share	H1 FY17	H1 FY18
■ Retail	86%	81%
■ Enterprises & Government	14%	19%

*Based on net revenues before adjusting for sales incentives
Increase in retail licenses sold in Q2 FY18 as opposed to decline in retail revenues is due to higher demand for lower priced products.

Q2 & H1 FY18 – COST ANALYSIS

In Rs Million

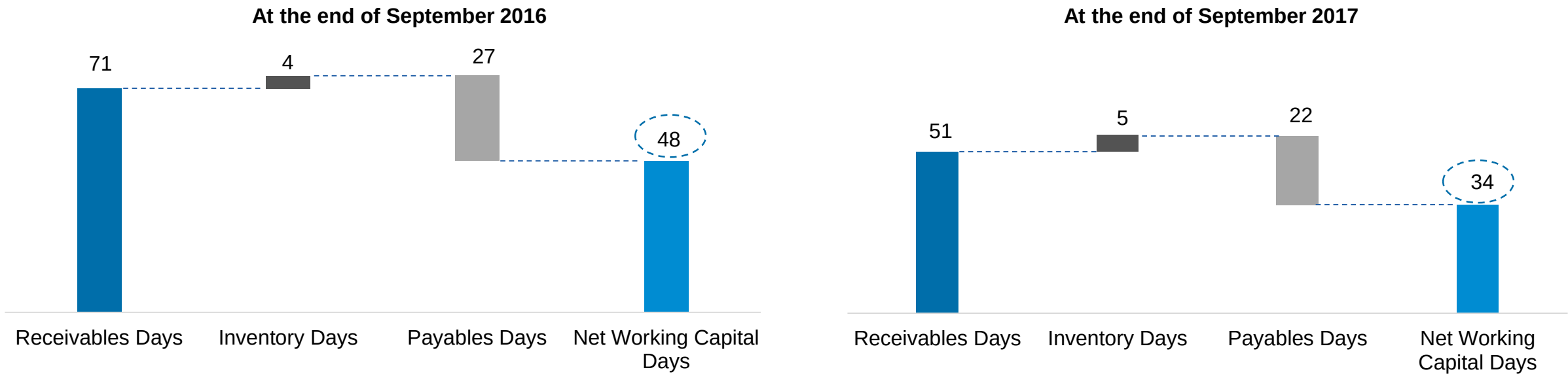
Head	Consolidated				
	Q2 FY18,a	Q1 FY18,a	Q4 FY17,a	Q3 FY17, a	Q2 FY17, a
Operating Cost					
Salaries	113.8	116.8	116.5	118.7	122.4
Fees for technical services	20.7	24.1	24.9	24.9	25.2
Technology subscription charges	4.3	3.5	14.2	13.6	16.2
R&D Expenses (A)	138.8	144.4	155.6	157.3	163.8
Salaries	87.3	90.8	100.6	99.7	99.8
Advertising Expenses	23.3	32.6	71.4	44.2	21.5
Sales Promotion	8.3	22.7	3.4	12.6	7.7
Traveling and conveyance	6.7	6.7	11.6	13.5	12.4
Technical Support Cost	20.3	21.4	19.4	19.1	23.2
Selling & Marketing Expenses (B)	145.9	174.1	206.4	189.1	164.6
Salaries	50.8	48.9	43.7	45.7	40.2
Other Expenses	69.5	78.2	90.5	73.3	74.1
G&A (C)	120.3	127.1	134.2	119.0	114.2
Total Expenditure (A+B+C)	404.9	445.6	496.1	465.4	442.7

NOTE: Certain figures have been re-grouped wherever necessary

Q2 & H1 FY18 – WORKING CAPITAL ANALYSIS

ADOPTION OF EFFICIENT SALES & CREDIT MECHANISM LEADING TO IMPROVEMENT IN WORKING CAPITAL CYCLE

- Increased focus on timely stock clearance at dealers and receivables collection.
- Increased handholding between sales team and dealer-retailer network to ensure faster sales.
- Realignment of dealer incentives to ensure timely sales as well as stock clearance throughout the supply chain.
- Strict control on debtor days through sales to dealers backed by 7-days PDC.



Note: Net Working Capital Days = $[(\text{Net Working Capital} / \text{Second Quarter Sales}) * (91 \text{ days})]$

Calculation is based on net revenues before adjusting for sales incentives

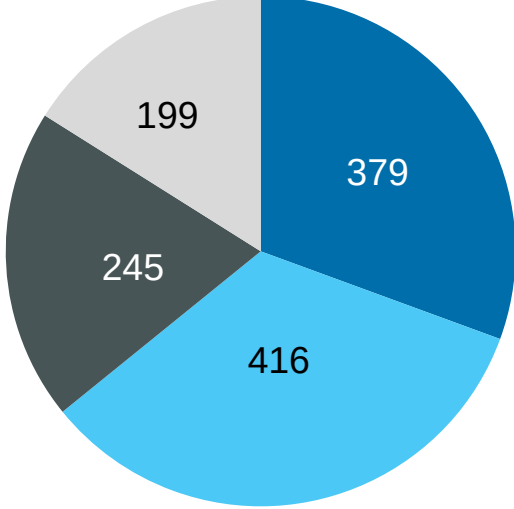
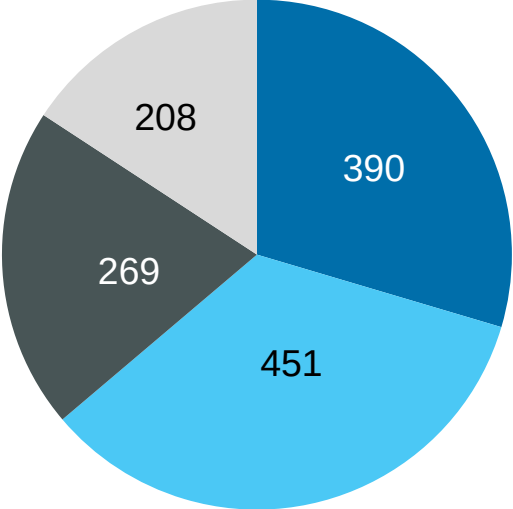
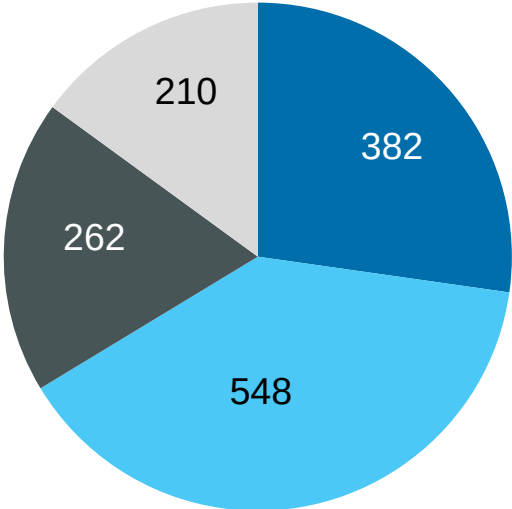
Q2 & H1 FY18 – EMPLOYEE BREAKUP

September 2016 – 1,402

June 2017 – 1,318

September 2017 – 1,239

- Sales & Marketing
- R&D
- Technical Support
- Others



Q2 & H1 FY18 CONSOLIDATED RESULTS – PROFIT & LOSS

In Rs Million

Head	Consolidated							
	Q2 FY18,a	Q2 FY17,a	Growth	% Change	H1 FY18,a	H1 FY17,a	Growth	% Change
Revenue	1,050.6	1,067.9	-17.2	-1.6%	1,353.8	1,543.4	-189.6	-12.3%
Direct Cost	50.9	87.3	36.4	41.7%	69.0	132.8	63.8	48.1%
Gross profit	999.7	980.6	19.2	2.0%	1,284.8	1,410.6	-125.8	-8.9%
Gross Margin, %	95.2%	91.8%			94.9%	91.4%		
Operating Costs								
R&D Cost	138.8	163.8	25.1	15.3%	283.1	322.6	39.5	12.2%
Sales and Marketing (S&M)	145.9	164.6	18.8	11.4%	320.0	332.6	12.6	3.8%
General Administration (G&A)	120.3	114.2	-6.0	-5.3%	247.4	251.5	4.1	1.6%
Total	404.9	442.7	37.8	8.5%	850.5	906.7	56.2	6.2%
EBIDTA	594.8	537.9	57.0	10.6%	434.3	503.9	-69.6	-13.8%
Depreciation / Amortization	67.6	77.7	10.1	13.0%	131.8	151.7	19.8	13.1%
EBIT	527.2	460.2	67.0	14.6%	302.5	352.2	-49.7	-14.1%
Other Income	57.3	69.8	-12.5	-17.9%	112.6	145.5	-32.8	-22.6%
Profit Before Tax & Exceptional Item	584.5	529.9	54.5	10.3%	415.1	497.7	-82.6	-16.6%
Exceptional Item	-	-	-	-	-	37.8	37.8	-
Tax	199.7	184.5	-15.2	-8.2%	143.3	165.8	22.4	13.5%
PAT	384.8	345.5	39.3	11.4%	271.7	294.1	-22.3	-7.6%
Reconciliation between I GAAP and IND-AS								
Revenue (Gross)	1,350.2	1,276.6	73.6	5.8%	1,705.0	1,838.1	-133.1	-7.2%
Taxes	200.9	89.3	-111.6	-124.9%	242.2	138.6	103.6	74.7%
Net revenue as per IGAAP	1,149.3	1,187.3	-38.0	-3.2%	1,462.7	1,699.5	-236.7	-13.9%
Less Dealer Incentive	98.7	119.4	20.7	17.4%	109.0	156.1	47.2	30.2%
Net revenue after Dealer Incentive	1,050.6	1,067.9	-17.2	-1.6%	1,353.8	1,543.4	-189.6	-12.3%

Q2 & H1 FY18 CONSOLIDATED RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Consolidated			
	Q2 FY18,a	Q2 FY17,a	H1 FY18,a	H1 FY17,a
Expenses				
Direct Cost / Revenue	4.8%	8.2%	5.1%	8.6%
R&D / Revenue	13.2%	15.3%	20.9%	20.9%
S&M / Revenue	13.9%	15.4%	23.6%	21.6%
G&A / Revenue	11.4%	10.7%	18.3%	16.3%
Total Cost / Revenue	38.5%	41.5%	62.8%	58.7%
Margin				
Gross Margin	95.2%	91.8%	94.9%	91.4%
EBIDTA	56.6%	50.4%	32.1%	32.6%
EBIT	50.2%	43.1%	22.3%	22.8%
PBT	55.6%	49.6%	30.7%	32.2%
PAT	36.6%	32.4%	20.1%	19.1%

H1 FY18 CONSOLIDATED RESULTS – BALANCE SHEET

Particulars (In Rs Mn)	Sep-17	Sep-16
Share Holders' Funds:		
Equity Share Capital	701.9	700.3
Share application money pending allotment	0.8	-
Reserves And Surplus	5,988.2	5,690.9
Total Of Shareholder Funds	6,690.9	6,391.3
Non-Current Liabilities:		
Net employee defined benefit liabilities	23.9	-
Current Liabilities:		
Trade and Other Payables	279.1	349.4
Other Financial Liabilities	9.9	10.3
Other Current Liabilities	138.5	102.3
Net employee defined benefit liabilities	14.0	35.2
Current Tax Liabilities (Net)	35.3	175.3
Total Of Current Liabilities	476.7	672.5
Total Equity & Liabilities	7,191.5	7,063.8

Particulars (In Rs Mn)	Sep-17	Sep-16
Non-Current Assets:		
Property, plant and equipment	1,716.8	1,721.0
Capital work-in-progress	133.0	297.5
Other Intangible assets	51.4	43.4
Non-current financial assets		
Investments	66.7	36.5
Loan and Security Deposits	3.3	0.2
Bank Balances	3.1	1.3
Deferred tax assets (net)	71.4	66.1
Non-current tax assets (net)	33.8	129.9
Other non-current assets	22.3	10.0
Total Non-Current Assets	2,101.7	2,306.0
Current assets:		
Inventories	64.1	50.0
Investment in Mutual Fund	2,501.8	1,443.5
Trade and other receivables	639.1	921.5
Investment in Fixed Deposit	1,566.6	1,871.2
Bank Balances & Cash and Cash Equivalents	241.6	355.6
Loans and Security Deposits	7.4	35.5
Interest accrued	28.3	56.7
Other current assets	40.9	23.8
Total Current Assets	5,089.8	4,757.8
Total Assets	7,191.5	7,063.8

NOTE: Certain figures have been re-grouped wherever necessary

Q2 & H1 FY18 STANDALONE RESULTS – PROFIT & LOSS

In Rs Million

Head	Standalone							
	Q2 FY18, a	Q2 FY17, a	Growth	% Change	H1 FY18, a	H1 FY17, a	Growth	% Change
Revenue	1,045.3	1,064.3	-19.0	-1.8%	1,342.5	1,539.4	-196.9	-12.8%
Direct Cost	50.2	82.1	31.9	38.8%	69.1	125.0	55.9	44.7%
Gross profit	995.1	982.2	12.9	1.3%	1,273.5	1,414.5	-141.0	-10.0%
Gross Margin, %	95.2%	92.3%			94.9%	91.9%		
Operating Costs								
R&D Cost	138.8	163.8	25.0	15.3%	283.1	322.6	39.5	12.2%
Sales and Marketing (S&M)	138.8	152.9	14.1	9.2%	306.5	306.6	0.1	0.0%
General Administration (G&A)	114.7	109.6	-5.0	-4.6%	238.8	244.4	5.6	2.3%
Total	392.2	426.3	34.1	8.0%	828.4	873.6	45.1	5.2%
EBIDTA	602.9	555.9	47.0	8.4%	445.0	540.9	-95.9	-17.7%
Depreciation / Amortization	67.6	77.6	9.9	12.8%	131.7	151.5	19.7	13.0%
EBIT	535.3	478.4	56.9	11.9%	313.3	389.4	-76.1	-19.6%
Other Income	56.9	69.1	-12.1	-17.5%	111.6	143.2	-31.7	-22.1%
Profit Before Tax & Exceptional Item	592.2	547.4	44.8	8.2%	424.9	532.7	-107.8	-20.2%
Exceptional Item	-	-	-	-	-	37.8	-37.8	-
Tax	199.5	184.3	-15.2	-8.2%	143.0	165.6	22.7	13.7%
PAT	392.7	363.1	29.6	8.2%	281.9	329.2	-47.3	-14.4%

Reconciliation between I GAAP and IND-AS

Revenue (Gross)	1,344.9	1,247.7	97.2	7.8%	1,693.7	1,834.2	-140.4	-7.7%
Taxes	200.9	64.0	-136.9	-213.8%	242.2	138.6	103.6	74.7%
Net revenue as per IGAAP	1,144.0	1,183.7	-39.7	-3.4%	1,451.5	1,695.5	-244.1	-14.4%
Less Dealer Incentive	98.7	119.4	20.7	17.4%	109.0	156.1	47.2	30.2%
Net revenue after Dealer Incentive	1,045.3	1,064.3	-19.0	-1.8%	1,342.5	1,539.4	-196.9	-12.8%

Q2 & H1 FY18 STANDALONE RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Standalone			
	Q2 FY18, a	Q2 FY17, a	H1 FY18, a	H1 FY17, a
Expenses				
Direct Cost / Revenue	4.8%	7.7%	5.1%	8.1%
R&D / Revenue	13.3%	15.4%	21.1%	21.0%
S&M / Revenue	13.3%	14.4%	22.8%	19.9%
G&A / Revenue	11.0%	10.3%	17.8%	15.9%
Total Cost / Revenue	37.5%	40.1%	61.7%	56.7%
Margin				
Gross Margin	95.2%	92.3%	94.9%	91.9%
EBIDTA	57.7%	52.2%	33.1%	35.1%
EBIT	51.2%	44.9%	23.3%	25.3%
PBT	56.7%	51.4%	31.6%	34.6%
PAT *	37.6%	34.1%	21.0%	21.4%

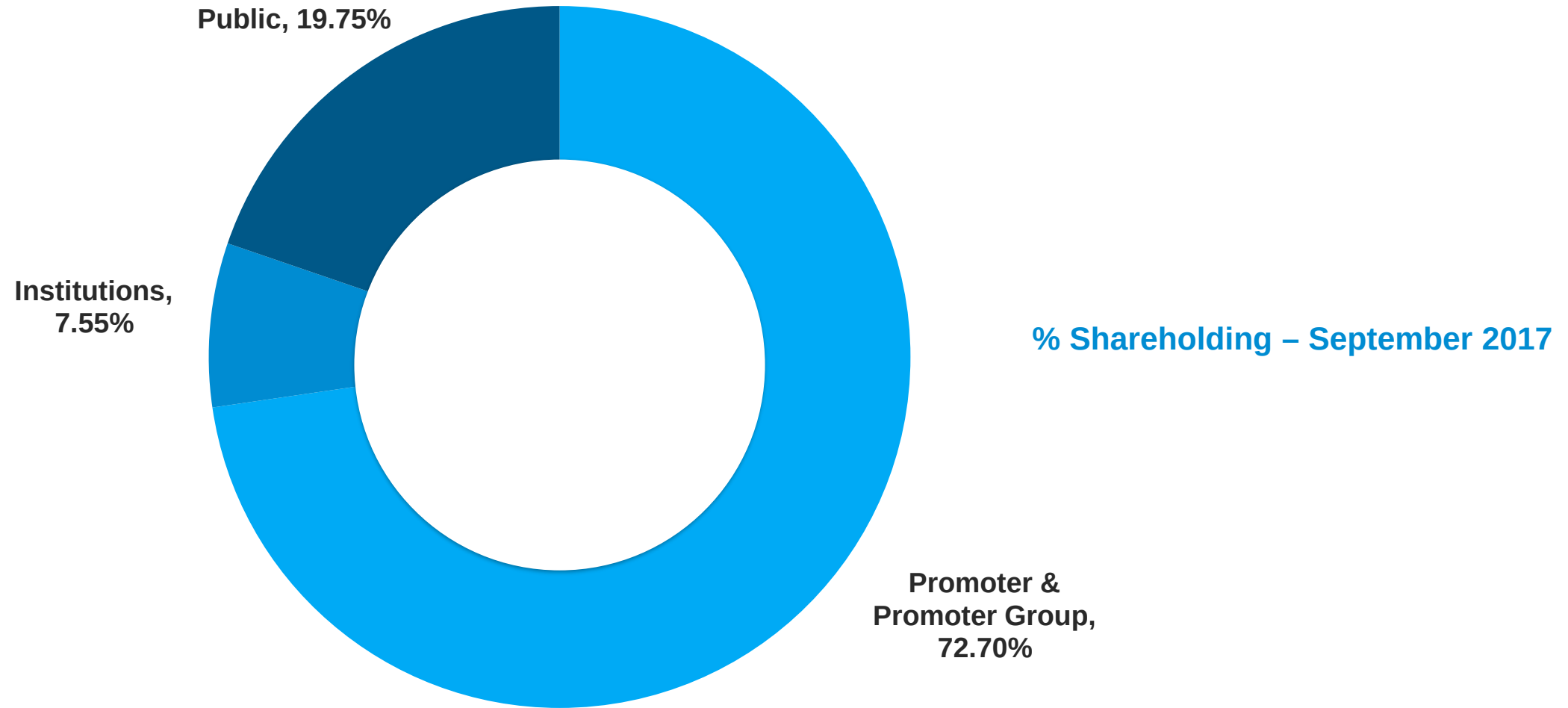
H1 FY18 STANDALONE RESULTS – BALANCE SHEET

Particulars (In Rs Mn)	Sep-17	Sep-16
Share Holders' Funds:		
Equity Share Capital	701.9	700.3
Share application money pending allotment	0.8	-
Reserves And Surplus	6,171.8	5,833.5
Total Of Shareholder Funds	6,874.5	6,533.9
Non-Current Liabilities:		
Net employee defined benefit liabilities	23.8	8.2
Current Liabilities:		
Trade and Other Payables	275.2	347.4
Other Financial Liabilities	11.2	10.4
Other Current Liabilities	137.5	133.9
Net employee defined benefit liabilities	14.0	26.9
Current Tax Liabilities (Net)	34.9	175.3
Total Of Current Liabilities	472.7	693.8
Total Equity & Liabilities	7,371.0	7,235.9

Particulars (In Rs Mn)	Sep-17	Sep-16
Non-Current Assets:		
Property, plant and equipment	1,715.4	1,719.1
Capital work-in-progress	133.0	297.1
Other Intangible assets	51.1	43.4
Non-current financial assets		
Investments	367.0	266.2
Loan and Security Deposits	3.2	3.2
Bank Balances	3.7	1.4
Deferred tax assets (net)	71.4	66.1
Non-current tax assets (net)	33.8	129.9
Other non-current assets	22.3	11.8
Total Non-Current Assets	2,400.8	2,538.2
Current assets:		
Inventories	53.3	43.1
Investment in Mutual Fund	2,501.8	1,443.5
Trade and other receivables	613.8	905.6
Investment in Fixed Deposit	1,566.6	1,871.2
Bank Balances & Cash and Cash Equivalents	160.0	293.3
Loans and Security Deposits	6.7	29.7
Interest accrued	28.3	53.9
Other current assets	39.7	57.4
Total Current Assets	4,970.1	4,697.6
Total Assets	7,371.0	7,235.9

NOTE: Certain figures have been re-grouped wherever necessary

SHAREHOLDING STRUCTURE



% Shareholding – September 2017

Source – BSE

FOR FURTHER QUERIES



Security Simplified

Mr Rajesh Ghonasgi

**Quick Heal Technologies Limited
CFO**

Email ID: rajesh.ghonasgi@quickheal.co.in

Contact No: +91 (20) 6681 3232



Vatsal Mehta / Nilesh Dalvi

**Dickenson Seagull IR
IR Consultant**

Email ID: vatsal.Mehta@dickensonsir.com

nilesh.dalvi@dickensonir.com

Contact No: +91 9712129581 / 9819289131