

Quick Heal Technologies Limited

Annual Report 2018-19

**We have been outdoing
ourselves, for the last 25 years.**
Bettering ourselves...

2018-19: Innovative Artificial Intelligence (AI) driven protection and securing Internet of Things (IoT)

2011-16 Protecting data, transactions and cloud transitions

2006-10 Threat protection for smart phones and tablets

2001-05 Ensured a safe online experience

1996-00 Secured PCs, networks and emails

1993-95 Protected early generations of PCs



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Or simply scan to download



Disclaimer

This document contains statements about expected future events and financials of Quick Heal Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of this Annual Report.

Financial Highlights

₹3,149
Million

Revenue in 2018-19

308 bps

PAT margins from 26% in 2017-18 to 29% in 2018-19

6%

EBIDTA from ₹ 1,203 Million in 2017-18 to ₹ 1,279 Million in 2018-19

30 bps

Returns on Capital Employed from 13.5% in 2017-18 to 13.8% in 2018-19

281 bps

EBIDTA margins from 38% in 2017-18 to 41% in 2018-19

11%

PAT from ₹ 830 Million in 2017-18 to ₹ 918 Million in 2018-19

Shareholding Structure

Promoter and promoter group: 72.32%

Public: 19.85%

Institutions: 7.83%

Investor information

Market Capitalisation as on 31 March, 2019

₹159.2 Million

BSE Code: 539678

NSE Symbol: QUICKHEAL

Bloomberg Code: QUICKHEAL:IN

Dividend Declared: ₹ 2 per share

AGM Date: 15 July, 2019

AGM Venue: Ramee Grand Hotel, Pune
Plot. No. 587/3, CST No. 1221/C,
Apte Road, Shivaji Nagar,
Pune Maharashtra 411 004

**We have been
outdoing ourselves,
for the last 25 years.**

Quick Heal

Bettering ourselves.

For us, at Quick Heal Technologies Limited, we focus on not just being the best at what we do but also being the most competitive.

We constantly compare ourselves to what we were yesterday. We mould ourselves into what the future demands us to be.

In doing so, we are constantly outdoing ourselves.





SECURITE

1993

First version of
Quick Heal antivirus
launched

In this goal of bettering ourselves, technology and innovation are the two crucial instruments of change that we rely on. Living in the modern era of technology, internet is the fundamental pillar that runs our contemporary world. It is a basic necessity which is continuously growing to serve millions of users with multitude of purposes in all parts of the world. It is a catalyst for the need of increased and persistent connectivity. It is revolutionising the way we communicate. It is driving creation and growth. It is accelerating development and advancement.

While it is making the world smarter, it is also making the digital world extremely vulnerable at the same time. For every single growth opportunity presented, there is an equal or increased chance of a cyberthreat. Cybersecurity is increasingly becoming a necessity and we, at Quick Heal Technologies Limited, are continuously working towards securing our hyperconnected world.

In the wake of digitalisation, the application of cybersecurity has changed manifolds and widened in every direction. Evolving at a break-neck speed, cybersecurity is no longer limited to PC support. It's application landscape is constantly changing with the evolution of IoT and AI-based devices.

We have been helping our customers make a dramatic, transformative shift on how they approach cybersecurity. Our journey of 25 years is not just about the implementation of technologies, it is rather a change in the very philosophy on what cybersecurity is and how it should be designed. It is in this quest for providing better cybersecurity that Quick Heal Technologies Limited thrives and sees every opportunity as a chance of bettering ourselves.

Quick Heal Technologies Limited

Creating a secure digital world for all

Since 1995, Quick Heal Technologies has evolved as one of the leading IT security products and solutions Company in India. The Company offers innovative IT security solutions to multiple segments such as home, SOHO, small and medium businesses, enterprises and the Government.

Our aim and persistent endeavour is to protect the digital world from ever-evolving cyberthreats. We work towards delivering comprehensive security portfolio, services and knowledge. The Company designs superior quality and advanced cloud-based products for the Retail & Enterprise and Government segments under the brands Quick Heal

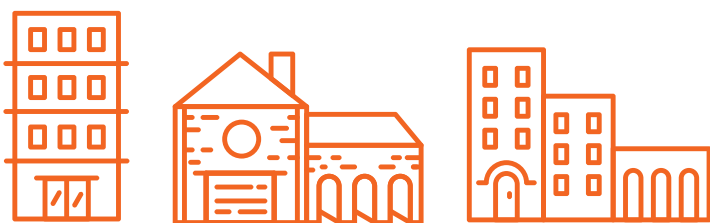
and Seqrite, respectively. Our wide range of products secure information on various networks and platforms such as Windows, Mac, Android and Linux across various device platforms – desktops, laptops, mobiles and other smart devices.

Quick Heal focuses on fulfilling customers' expectation by providing the most reliable and user-friendly cybersecurity and data protection products and solutions. With a highly qualified workforce and expanding global footprint, we are all set to capture a larger share in the cybersecurity landscape.

Quick Heal
Security Simplified
SEQRITE

Enterprise Cybersecurity Solutions by Quick Heal

Business Segments



Home and SOHO, SME, Enterprises and Government

Platforms



Laptop, desktop, notepad, mobile, server and smart devices



9

Million

Active licences globally

25

Years of innovation in the cybersecurity industry


30%+

Market share in retail segment in India




32,900

Enterprise customers

Vision

 *To be the trusted global leader in securing the digital world*

Mission

-  *Secure our customers by providing innovative, most-preferred and valued security solutions, services and knowledge*
-  *Protect information and interactions across networks, devices and things globally*
-  *Build a healthy business and organisation*

25,000+

Partners in India

40

Countries

Products sold

MD and CEO's Message



“What started as a bootstrapped venture 25 years ago is today an all-round player in cybersecurity domain with presence in consumer, business and Government segment.”

Dear Shareholders,

Since our inception, 25 years back, we have grown exponentially. Our growth speaks of the support and faith that our employees, stakeholders and the entire Quick Heal team entrusts us with. We envision a bright future and your encouragement only inspires a momentum that pushes us each day to get better in terms of innovation and technology.

Performance update

In 2018-19, we reported revenues of ₹ 3,149 Million as against ₹ 3,183 Million in the previous year, a decline of 1%. The performance was not in line with our expectations owing to a marginal dip of 5% in the retail business and overall muted volume growth of 2%. The Enterprise and Government businesses grew at 8% in Revenues and 11% in volumes despite competitive environment. The customer acquisition has moved up, but average realisation per unit is lower so the translation of customer acquisition to the revenue has not moved up as much. Our EBIDTA strengthened by 6% from ₹ 1,203 Million in 2017-18 to ₹ 1,279 Million in 2018-19. We also reported healthy EBIDTA margins of 41%, an increase of 281 bps over the previous year. With no interest cost and lower depreciation, PAT increased 11% from ₹ 830 Million in 2017-18 to ₹ 918 Million in 2018-19. The satisfactory profitability levels were an outcome of our relentless cost rationalisation efforts during the year.

We maintained our leadership position in the retail segment with 30%+ market share. During the year 2018-19, we witnessed 2% increase in the total retail licences sold and improved our renewal ratio to approximately 40%. We have built the largest channel eco-system selling security products

and solutions. Thanks to their untiring efforts that helped us create the desired brand visibility. It also helped us improve acceptability of our IT security products across the households and business users.

Economic update

India posted an annual GDP growth rate of 6.8% during the financial year 2018-19. Various economic reforms undertaken by the Government (improvement in Ease of Doing Business, opening to foreign direct investments, the push for infrastructure development and a stable and decisive policy environment) underpinned this economic growth. This enabled India to stand ahead of China while retaining its tag of the 'world's fastest growing economy'. The financial sector reforms with efforts to reduce public debt remained essential to secure the economy's growth prospects. This was further supported by strengthening and stabilising goods and services tax compliance. With Government's push for digitalisation, India is swiftly moving towards a digital economy.

Relevance of IT security in today's digital world

As we grow increasingly dependent on connectivity, digitalisation is becoming a part of our daily lives. Within just a few years, the internet has consolidated itself as a very powerful platform. It has forever changed the way we communicate, entertain or even do business. The internet has given a globalised dimension to the world with everything available at our fingertips. In the wake of digitalisation, words like digital business and digital governance are catching up across multiple industries. Drivers such as social media, cloud, analytics, mobility along with IoT (Internet of Things) and security, drive every enterprise to transform and be successful in the changing economy.

But just like every coin, digital too has a dark side in the form of cyberthreats.

Increasing cyber crimes

Cybercriminals and malicious threat actors threaten the security of the digital economy, making it fragile with each attack. They expose the internet world to vulnerabilities with increasing magnitudes of threats, resulting in infecting and hijacking devices and networks. Today, cybercrime is an organised

industry where cybercriminals work with the intent of making financial gains and other malicious motives. The ever-increasing mobile workforce and emergence of 'bring your own device' (BYOD) work culture presents unprecedented challenges to the cybersecurity ecosystems of the businesses.

Emergence of smartphones

Increasing smartphone usage has led to a higher dependency on the internet and technology. Besides, abundant availability of hi-speed data and connectivity at affordable price points are gradually changing the way a user consumes content and absorbs information. Customers engage across an increasing number of touchpoints and marketing efforts are also designed keeping these in mind. More and more customers are becoming mobile connected and a good chunk of retail purchases happen online. Under such circumstances, it would only be suffice to say that the internet is an omni-present tool influencing and shaping human behaviour while exposing devices to immense cybersecurity threats.

Artificial Intelligence (AI)

In a fast evolving digital world, automation is slowly becoming the norm and a critical differentiator. Soon, smart algorithms, bots and AI tools will become a norm for organisations. AI has been around for several decades but is only now gaining traction. AI's ability to allow machines to take over the more mundane and repetitive jobs makes it a preferred choice. The flipside to this is the fear that automation will result in cyberthreats.

Internet of Things (IoT)

IoT presents organisations with the opportunity to improve internal efficiencies, provide better customer service, enter new markets and even build new business models. From banks to healthcare, utilities to automotive, manufacturing and logistics, industries and home automation are already being transformed by IoT, and the expectation is that almost every sector will be

impacted in the future. This leads to larger scale of connected devices and integration of operations. However, there are loopholes and inadequate security systems which may lead to possible hacking and substantial damage.

Innovation-driven products and solutions

We take pride in consistently charting innovation in a field that never ceases to evolve. By delivering a true platform and empowering a growing ecosystem of change-makers like us, we provide highly effective and innovative cybersecurity solutions. This has given us the privilege of securing millions of end points and networks.

A robust cybersecurity approach requires adequate proactive and reactive measures to identify, protect, detect, respond and recover processes. We have consistently transformed deep threat intelligence and security expertise into security solutions and services for our customers across the globe. Our tailor-made products come with enhanced security features that help increase our product's acceptability. We introduced new products during the year which include Seqrite Cloud, Secure Web Gateway (SWG), Enterprise Mobility Management Solution (mSuite and MobiSMART) and Quick Heal Home Security (QHHS). Our objective is not just to protect the enterprise with good cybersecurity hygiene and basic lines of defence, we also aim to optimise the response time to attacks with more advanced tools and strategies. As digital transformation proceeds, cybersecurity must be an enabling function rather than an obstacle to innovation and change.

Today, we are a prominent and renowned name in the IT security industry. Our brands Quick Heal and Seqrite are now widely accepted across retail, enterprise and Government segments. Our cybersecurity products and solutions keep our 9 Million users protected and secure 32,900+ businesses and enterprises from the potential threats and unanticipated cyber-

