

Quick Heal Technologies Limited
Q2 FY-26 Earnings Conference Call
October 16, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 Conference Call of Quick Heal Technologies Limited, hosted by Valorem Advisors. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Hena Khatri from Valorem Advisors. Thank you, and over to you, ma'am.

Hena Khatri: Thank you, Sagar. Good afternoon, everyone, and a very warm welcome to you all. My name is Hena Khatri from Valorem Advisors. We represent the Investor Relations of Quick Heal Technologies Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter and the first half of financial year 2026.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on Management's beliefs as well as assumptions made by and information currently available to the Management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions.

The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Now let me introduce you to the Management participating with us in today's earnings call.

We have with us Dr. Kailash Katkar, Managing Director; Dr. Sanjay Katkar, Joint Managing Director; and Mr. Ankit Maheshwari, Chief Financial Officer. Without any further delay, I request Dr. Kailash Katkar to start with his opening remarks. Thank you, and over to you, sir.

Kailash Katkar: Thank you. Good evening, everyone. It's a pleasure to be here with all of you today and share our performance for the second quarter of financial year 2026. I am happy to say that Q2 has been a positive quarter for us. Both our businesses, Consumer and Enterprise segment have performed well, showing the strength and balance of our overall portfolio.

It was a good quarter for our Consumer business as Q2 traditionally has been such due to seasonality, supported by our resilience effort and continuous trust that customers and partners have in the Quick Heal brand. The Enterprise business continued to grow steadily, driven by strong partners, innovative product launches and strong traction across key customer segments. This balance performance reflects the steady progress we have made towards building a strong future-ready cybersecurity company that serves both individual and business with equal focus. We also continue to invest in innovation this quarter.

Through our partnership with BHASHINI, where we are bringing data privacy solution in 22 Indian languages is a proud step forward. We also onboarded our first customer for our data privacy solution, which helps Enterprise meet Indian new data protection requirements.

I am also proud to share that our effort has been widely recognized. Seqrite was named Cybersecurity Service Provider of the Year, and Quick Heal won the Leading Cybersecurity Solution Brand of the Year 2025. This recognition reflects our team's hard work and shared vision.

Beyond business as a responsible organization, we continue to drive social impact and have touched more than 68 lakh lives throughout the year. It's a small but meaningful way of helping citizens stay safe in digital world.

As we move into the second half of the year, we do so with confidence and clarity. We have heavily business pipeline, a growing international presence and a strong team that continues to drive our vision forward.

Before I close, I want to thank all our shareholders, customers, partners, employees for their continuous trust and support. It's your confident that motivates us to keep growing, innovating and delivering long-term value.

I will now request Sanjay to take you through the strategic and operational update. Over to Mr. Sanjay.

Sanjay Katkar:

Thank you, Kailash. And good evening, ladies and gentlemen. Let me take you through a quick summary of our progress during Q2.

Global cybersecurity world is changing fast, and more companies are adopting AI, cloud-based security and data privacy solutions. Against this backdrop, Quick Heal and Seqrite are well poised with a complete range of security products and services. We are growing across 3 focus areas: maturing our product range, reaching bigger customers and entering new markets.

On the product side, we are investing into solutions that bring together different security tools under one platform. For large enterprises, we see a good initial interest in products like our data privacy solution and threat intelligence platform.

Seqrite Labs unmasked GrassCall campaign of hackers behind job recruitment, cyber scams and presented its paper on silent link uncovering on cyber espionage campaign in Central Asia at an International Virus Bulletin Conference in Berlin.

On the consumer front, we continue to build awareness and trust. Regional campaigns in Tamil Nadu, Maharashtra and festive activities across the country helped us connect more deeply with our users and partners. Our goal remains simple to make cybersecurity easy, effective and accessible for everyone. We have a strong road map ahead, and we are confident of continuing this positive momentum through the rest of the year.

I will now hand it over to Ankit to share the financial highlights.

Ankit Maheshwari:

Thank you, Sanjay. Good evening, everyone. Let me now take you through the financial highlights for quarter 2 FY '26.

This has been a good quarter for us, with growth coming from both our Consumer and Enterprise businesses. Revenue for the quarter stood at INR 83.5 crores compared to INR 57 crores in the last quarter and INR 73 crores in the corresponding quarter of the last financial year, showing healthy growth, helped by seasonal strength in Consumer business and steady demand in Enterprise business. International revenue continues with the growth momentum, supported by good traction in Southeast Asia and in the Middle East.

Government business has also shown robust growth in the quarter gone by, reiterating the trust and belief our customers have in us. Deferred revenue stands at INR 17 crores at the end of quarter.

Our EBITDA margin improved to 11%, helped by revenue enhancement and better operational efficiency. EBITDA for the quarter stood at INR 9.2 crores compared to negative INR 9.7 crores in the last quarter and INR 3 crores positive in the corresponding quarter of the last financial year.

R&D investments are optimized this quarter. as we have started to leverage automation and AI. We continue to invest in sales and marketing, strengthening our sales team to propel our growth trajectory.

Also, please note that business basis prudent accounting policies, we expense off all our R&D investments. PAT for the quarter stood at INR 8 crores. Our balance sheet remains strong and

debt-free, giving us the flexibility to invest in R&D and market expansion. Our investments and cash balance stands at INR 191 crores as on 30th September 2025.

With a solid foundation and clear direction, we are focused on maintaining this momentum in the second half of the year with our focus on driving predictable and sustainable growth across both businesses.

Thank you, everyone for your time and continued support. We will now open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. (Operator Instructions) Our first question comes from the line of Ashish Soni from Family Office.

Ashish Soni: Sir, in terms of tailwinds, our government is promoting Zoho and others. So, are we seeing tailwinds because of that, at least for Indian Enterprise customers willing to take our product compared to like maybe foreign products?

Sanjay Katkar: Yes, Ashish, definitely, there is a scope out there and we are also working in that direction. Only thing, things are moving slow on the government front. We have been showcasing what we have. And in fact, a lot of government departments are already using our solutions. But the kind of promotion that you talked about Zoho is something different that we need to work with them to make sure that they also talk about it publicly. So, that's where we are working as well, but it's like, I will say, working in progress.

Ashish Soni: And in terms of the R&D and marketing spend, when do you think it can like speak out? Or do you think we will reach to like 20% sort of thing? Or just give us the direction because now I know last 1 or 2 years, you have been spending a lot on that. So, just give us a color and any growth aspirations also which you have at least in terms of revenue and...

Ankit Maheshwari: So, Ashish, we don't give any guidance on the revenue. But in terms of R&D, in my speech also, I said that there is a decline in R&D expenses. So, for the last couple of quarters, we were having negative EBITDA. To address that, we have done some delayed hiring. But in addition to that, more importantly, we are actually using AI and automation tools to optimize our cost. So, with both these actions put together, we were able to save some cost on R&D.

Ashish Soni: And like in defense, like I think the geopolitical situation like defense, there are different camps in the world. So, are we seeing any foreign business coming our way because of all these geopolitics? Because take an example at least for Nayara, right, we have seen Microsoft stopping the services and then I saw SAP stopping the services. So, are we seeing any such threats from your perspective?

Sanjay Katkar: See, of course, threats, we are, in fact, quite actively Seqrite Labs is monitoring the threats and also coming out with detailed reports and sharing it with the right authorities.

At the same time, on the product front and on the market front, what we are seeing there is quite good interest has been generated because of the geopolitical situation, even in India as well as in regional areas like UAE and all, wherein people are interested to at least have a look at our products, understand our offerings. And that's where we are quite happy with that.

At the same time, like things are going in the right direction, I will say. But nothing as such immediate I can say on the front of revenue actually.

.Ankit Maheshwari: Just to add, this quarter, we have seen an uptick in revenue in our Government business especially. So, this is one of the reasons where government is actively using our product.

Ashish Soni: Okay. And revenue guidance, I think I can understand. But in terms of aspiration because, again, I was reading a lot of reports in terms of China, right, their homegrown applications or the software are moving. I know India is a bit different. But with all this situation, do you think our aspiration is to reach some target in like 5 years or 3 to 5 years, at least our ambition...

Sanjay Katkar: Yes, Ashish, see, of course, we always aspire that. And in fact, the situation since at least a couple of years and now recently, more prominently, the geopolitical situations are really helping us promote our views across different departments and verticals in government.

And we ourselves are quite sure and we are making sure that we will be the, I will say, top most alternative for any MNC product that is being used across India on the cybersecurity front and on the cybersecurity lab as well. And that's where we are also seeing a good traction. That's why we also launched these 2 products last year itself, the threat intel, which is a kind of feed that also can be incorporated into any existing MNC products that any of the government may be using, but still wants to have an Indian or indigenous threat intel feed.

And we are seeing good traction on that front. And I am quite sure that we will be at a much better position in at least a couple of years in that respect actually.

Ashish Soni: And in terms of this data protection policies like whatever government is coming up, do you see a very big potential for us to scale that business in India specifically?

Sanjay Katkar: Yes. So, for that, I will say, that is something that will create a new market altogether for a product like complying for DPDP, because see people have been using things in bits and pieces like DLP solutions or something. But then this law is much more comprehensive and guidelines are coming with much more details, wherein now there is a scope for a product like data privacy product that we just launched, and we are seeing good enough interest, and lot of POCs are happening.

But then, of course, the law is still delayed. It's not yet completely implemented on the ground. So, people are waiting for that. But at the same time, certain organizations have already gone ahead and done POCs now planning or budgeting for that and one customer we onboarded, which we are happy.

Now I will give you some idea with respect how it will go ahead. One, this product is a new product in the market and especially being targeted on mid and large organizations, not SMBs.

There will be a period where the product will still need some maturity with respect to the expectations on the enterprise front and the offering that we already have. And that's the period we are entering into. We are already getting traction and suggestions as people are doing POCs.

And as we cover the ground, and we will be in a much better position to address the DPDP-related compliance market, and I feel that it's going to be a big enough market for us to add revenue. But then it's all about like how things are moving and compliances are getting implemented.

And we are working on both sides, like working from the compliance side, we are talking to the authorities at the same time, working with the consumers to make sure how they are looking at the offering.

I do see there is a scope for even service on this front. But then we are shaping our product for the consumer at the beginning and then gradually see if there is a service need to be added to that product as well. So, we ourselves are into the learning cycle. But yes, I am very hopeful and positive about this product line actually.

Majid Ahmad:

Thank you for the opportunity. So, my first question is, sir, going forward, I am just trying to understand the clear levers of growth, especially in the Enterprise segment because considering the fact there is also much more need for government side of defense and other government enterprise require these type of high-end solutions as we go forward. So, just want to understand the levers of growth that you are looking to execute in the next 2 to 3 years.

Sanjay Katkar:

So, as we have been saying every time that for us, we do see enterprise as the vertical that will add more revenue to us in the next couple of years. In that Enterprise front, we are already having our flagship product that is EDR, XDR, is contributing more than 90% of that revenue. And the newer products that we launched in last 2, 3 quarters have started bringing revenue as well.

Along with that, with the latest products that we launched, the STI and SMAP, we are seeing good enough interest by the enterprises into these products as well. Along with that, we do see good growth should happen in Government business because we are being invited and we

have been demonstrating a lot to the government department. Only thing is since these things are like big ticket, they are taking some time, they are taking time for decisions, but we do hope for getting good entry into that vertical as well.

So, I do see good enough potential for our enterprise products in mid-market and government segment as well.

Majid Ahmad: And may I know the potential that you are looking at, like the TAM you are looking to hit in the government sector, how big it can be in terms of the opportunity size?

Sanjay Katkar: See, on government, there are multiple channels. One is like see state governments have a different traction with respect to that and central government has a different requirement altogether. So, we are present in both the fronts.

But in terms of volumes, see, I say government itself is not releasing the figures, but they are budgeting for cybersecurity. See, the budgets that they are currently, they are increasing them. But we are not having the figures in mind.

So, all put together, over the 2 to 3 years, our SOM be around INR 4,000 crores as a total market, and we want to grab as much as possible. And we've been in the right position being Make in India. And the preference being shown to Make in India is what we want to grab as much as that pie from that market actually.

Ankit Maheshwari: And Majid, we have always said that the focus area for the company is enterprise going forward. And with so many new products, especially Make in India, etc, benefit, government is going to be a key lever along with international geographies.

Majid Ahmad: Sir, and secondly, I just want to know like currently, as I see in your balance sheet, the investment around INR 179 crores in mostly natural funds, any plan to redeploy it in any sort of M&A or any acquisition targets you have for growth?

Ankit Maheshwari: So, over a period of time, we continuously evaluate all the options which we get. And at an appropriate time, we will update basis the guidance from Board and then update the investors as well.

Sanjay Katkar: But yes, we are actively looking. In fact, a lot of decisions do happen regularly. And these things are like something that we want to make sure that they align with our plan or vision and the road map that we are planning, the kind of customers we are already targeting and the gaps that we are seeing in our product. So, that's where we are looking the right fit. So, of course, we will be using those funds as and when required, and we will be informing to all the investors well in advance.

Majid Ahmad: And sir, finally, I just want to know like about the appointment of the CEO, any plans on that?

Kailash Katkar: So, CEO selection is in process. Once he is appointed, you people will automatically get to know because we need to immediately inform to the stock exchange. So, a lot of interviews are happening, and it will get closed soon.

Majid Ahmad: Okay, sir. Thank you, sir. And all the very best.

Sanjay Katkar: Thank you.

Deepak Ajmera: Thank you for the opportunity. So, my question is regarding the repeat customer rate. What is our repeat customer rate?

Ankit Maheshwari: So, we generally don't disclose it. But since you've asked it, it is in the range of 80% plus for our enterprise customers.

Sanjay Katkar: For more Enterprise customers, it is close to plus, minus 80%. For Consumer, it is close 30%, 35%.

Deepak Ajmera: Got it. And we have launched some new products for AI-banking, banking related fraud. So, what is that, anti-fraud.ai?

Sanjay Katkar: So, that's a B2C product. So, it's a consumer product, which we are focusing on protecting consumers from the frauds that are happening on the phone mostly. So, that's the product. And we are inventing new and new features based on the kind of fraud that are happening into that product. And that's like we are using our channel partner for B2C to distribute that product. At the same time, app store is the one area where we distribute that product to the customer side. Yes.

Deepak Ajmera: Got it. So, that product needs to be installed into mobile phone or what?

Sanjay Katkar: Yes, yes. It's a complete phone-based protection. We do have PC-based as well, but that we are bundling with our Quick Heal Total Security for the frauds that happen on the PC. But then mobile is the one that is more focused for fraud because mobile-based frauds are completely different. And AntiFraud.AI, that is there for Android and Apple phones as well. And AntiFraud.AI for PCs is bundled with our Quick Heal Total Security, which is for PCs actually.

Deepak Ajmera: Does it bring any kind of slowness to phone?

Sanjay Katkar: Can you repeat your question? I am not able to hear you.

Deepak Ajmera: Slowness.

Sanjay Katkar: No, no, not at all. We do benchmark ourselves while we release a newer version every time. So, it doesn't impact your battery performance or the phone performance at all. Yes.

Deepak Ajmera: Okay. Into Consumer segment, at how much premium or discount we sell our product in comparison to the competitor?

Ankit Maheshwari: Sorry, Deepak, we are a premium product. Even if you go on the e-com website, you will always see that we have priced our product at a premium to McAfee and to other indigenous players. So, we are a premium product. And it may vary, depending upon the demand and supply. But we have classified ourselves as a premium service provider.

Sanjay Katkar: Yes. Tentatively, something in the range of 15% to 20% is the premium that we command over the competition.

Deepak Ajmera: Got it. And lastly, our revenue seems to be stagnant since 2016. So, what is the outlook over that?

Sanjay Katkar: As we say, we don't give any guidance, but the intent of we making so many investments in the last couple of years is to take our journey in Enterprise to the next level. We all know there are headwinds in the Consumer business. So, we are trying to hold our foot in the consumer business at the current level. So, that's the overall thought.

Deepak Ajmera: Okay. Thank you.

Karan Gupta: So, my question is regarding the B2B side. We know that the B2C segment is facing headwinds and let alone the government side also. So, I just wanted to understand here for the B2B side, you guys are also working for the Tier 1, Tier 2 IT services companies or what's the competition there. Is that, those companies are making or outsourcing their cybersecurity systems in-house or they are outsourcing? And what's the position in the B2B side you have as of now?

Sanjay Katkar: See, Karan, our enterprise solutions, we are more prominently focused on mid-market and SMB. So, SMB is our strength right now, and our maturity has gone to the level where we are now entering the mid-market as well. Mid-market when I say, it's like organizations who have more than 1,000 endpoints, less than 5,000 endpoints, so somewhere that.

So, IT services or these GSIs are not our target. We are not focused there. Our focus is more towards particularly these mid-market organizations who are not having cybersecurity, I will say, maturity, and they are looking for XDR solutions and XDR, EDR or firewall kind of solutions. In that we are focused on our XDR and ZTNA products and zero-trust products to sell them.

Karan Gupta: So, why in this segment you are focused on, why not in Tier 1 IT services companies? Because what I can imagine is that the market in the Gen AI segment where these kind of companies are heavily investing on, will be much larger than what you are seeing. I mean just the rationale behind what you are focusing on basically and whatnot?

Sanjay Katkar: It's not like that we are completely defocused on that. The thing is we have worked with them. We have tried out there. The thing is the requirements and the expectations from that markets are different, wherein there's a lot of further investment needed into the products and that we are gradually maturing our products to make sure that they also can be plugged into their back-end system where they can provide our products to their customers.

And that's why in fact, you may be knowing a lot of people that we have at the senior level have come from the services background and they do have a lot of good connects into the IT services sector, and we have been talking to them.

But it takes time, these kind of things because the large enterprise or IT services, large organizations their customers are mostly Fortune 1000 companies, where the requirements are completely different. The product maturity and the investment to reach that level is quite high.

So, what we are doing is we are on the ground, we are also strongly focusing on things where we are having the strength, the kind of markets that the MNCs are ignoring like lower mid-market, MSMEs where we are not at all focused and the markets are quite open. And our products are more mature and easy to capture those customers, yes.

Karan Gupta: Okay. Okay. So, for MNCs, those markets are very small. So, that's why the focus is on that. They are not clear to cater to that. But just one clarification, I don't know basically. In cybersecurity, these large enterprises are making in-house or they are outsourcing the cybersecurity platforms or maybe solutions?

Sanjay Katkar: No. No, we develop everything in-house. We have been in this business for 3 decades now.

Karan Gupta: No, not for you. The prospective enterprises. So, they are making in-house or they are outsourcing?

Sanjay Katkar: So, it depends. Like see as I said, mid-market, they go for products, and they depend on system integrators actually. And if you see large enterprises, they have a complete in-house team for managing the whole operations and SOC operations, all that. But then mid-market and similar organizations mostly depend on system integrators or MSSPs to complete their cybersecurity readiness actually.

Karan Gupta: Okay. And just last one on the competition side. So, in India and globally, if you can just name some of the large peers in India and globally? McAfee, I think everybody knows.

Ankit Maheshwari: Larger peers. So, Norton, McAfee are competition on consumer side. But when it comes to enterprise, it is SentinelOne, Sophos, Trend Micro, CrowdStrike. These are multinational competition which we compete.

Sanjay Katkar: And in India, we pay pretty much same competitors actually. Yes.

Ankit Maheshwari: These are multinational competitors.

Karan Gupta: Okay. You also said in the enterprise side Coforge.

Kailash Katkar: Sophos.

Karan Gupta: Okay. Just one, what's the differentiation that we can create as a solution for cybersecurity? What kind of solutions we can provide them? Just the differentiation in the products, just wanted to understand this thing. So, how basically, the products are different...

Sanjay Katkar: Yes. Yes. See what I am trying to tell you is we do have a product management vertical, which is more focused on one is like how we can compete best in the market with respect to the product feature maturity, at the same time, bringing in the differentiators so that we can be standing out in the face of competition and leading the way in certain markets. So, we do have a team that is more focused towards creating differentiators in all our product line items. And we already have such differentiators in our product line items.

Karan Gupta: Okay. Thank you.

Shubham Zope: So, my question is on B2C segment. For several quarters, our B2C segment, predominantly the Consumer Business segment, has been degrowing. And you constantly communicated that Consumer business you believe that it is in a structural decline or at least stagnation. And that is the main reason you have gone for a diversification into Enterprise business.

And for this quarter particularly, you mentioned that a lot of your incremental growth for this quarter came from tailwinds to the Consumer business. So, do you still believe that Consumer segment structurally is on a decline trend? Or like how you see strategically the Consumer business for you?

Sanjay Katkar: See, one is that we have to accept that Consumer business is definitely degrowing. And it's not the situation only in India, it's the global trend that we are seeing. And that has been there since almost a couple of years. But at the same time, the effort that we guys are putting on trying to make sure whatever market share we have and the holding we have, we should be taking advantage of that and making sure that we are still managing the whole market.

The good news is that we can see that among the decline, Quick Heal is having the lowest decline in this, which is like we are able to hold quite well. The decline is lesser in terms of the activation for us than any other competition compared to because we do that comparison regularly.

But at the same time, I will also say that we cannot stay hand in hand. We have to see that how can we revive that? Is there an opportunity or is there a possibility or a potential of doing that with respect to the kind of changes that are happening in the market. And that's where we keep on coming out with newer approaches, newer ways to address the decline and also try to make sure that we bring in the, I will say, turnback to that market.

But with that process, at least in last quarter, we are able to hold the decline and remain, I will say, flattish. But the way we are putting out with the schemes and pushing the partners to do more sales is helping us to at least create more awareness for moving to a paid version, and that's what we are doing.

And we hope that as you rightly said, structurally, it is being impacted, but then we are trying to make sure that we don't remain in that market altogether only. So, that's why we are also focused on Enterprise segment. But on the same front, we are giving as much as efforts on the consumer to make sure we remain the market leader.

Shubham Zope: Okay. Okay. And last quarter, you mentioned that predominantly the revenue was impacted by collection issues from some of the partners in consumer business. So, any update on that? Are we still facing issues on collections or it is some bit elevated as compared to last quarter?

Ankit Maheshwari: So, while, Shubham, partly this has been resolved, but there are still challenges. And hence, we are cautious while doing our revenue.

Two things I would like to add. This quarter, while Sanjay has responded, there were seasonal tailwinds. There were campaigns, there were back-to-school things, which have helped us in getting a good amount of revenue. However, there are still some challenges, which are evident in our receivables as well, which has gone up by about INR 15 crores in the current quarter. However, we are confident that in the coming quarters, we will come out of this situation as well.

Shubham Zope: Okay. Okay. Thank you. That were the questions.

Ankit Maheshwari: Thank you.

Ashish Soni: Regarding R&D expense, what's the minimum level to sustain our business across both the verticals, Enterprise and Consumer? And have we reached the peak of the R&D expenses, whatever we have spent. Is the optimum we will like to continue sort of?

Ankit Maheshwari: So, there is nothing called optimum, Ashish. I have in my speech also responded saying that we have started using automation in AI, so that we get the best of the investments which we are making on R&D. Having said that, in last couple of quarters, we are in the similar range of around INR 30 crores to INR 35 crores in a quarter, which we are spending.

And while our revenue will be growing at a much higher pace as compared to the R&D expenses, but we are committed on our investments in R&D as we go forward, and that is very dynamic. Unless we keep spending on our investments in R&D, we will not be relevant. And that is the reason we have been doing it for the last couple of years.

Ashish Soni: But what's the fruits of this R&D because we have been spending and there is no revenue generation, but Enterprise looks promising. Would you say the fruits will come in the next 1 or 2 years at least better than what has been in the past?

Ankit Maheshwari: Yes, that's the plan. So, I would not be able to give you the exact guidance. However, that's the whole thought process while making these investments, and we should get this benefit. And one more thing, as a prudent accounting policy, we are expensing off all our R&D investments. So, we don't capitalize anything. And hence, there's a pressure on EBITDA while we are making and working on our new products.

Ashish Soni: Okay. And in terms of marketing, because now we are focusing more on the Enterprise, so the marketing is pivot towards that or it's like, again, proportionate to with consumer? Like what's the split between the marketing for Enterprise and Consumer?

Ankit Maheshwari: So, for Consumer, the marketing is very different. It has to be a mass marketing. But for Enterprise, we are doing different events, SMB partner connects, so that we get the maximum out of our investments in terms of engaging our partners.

In the current quarter also, we continue our investment in strengthening our sales team in Enterprise, because as we go into the new product range, unless we have the right manpower to sell it, it will not be successful. So, for the last couple of quarters, we are committing to strengthen our Enterprise sales team.

Ashish Soni: Have we reached like in whatever geographies we are targeting, has our sales team reached whatever you are planning and now it's more of mining and trying to make inroads into new customers? Is that the fair assumption? Or do you think it will be more geography expansion? Like where do we stand right now?

Ankit Maheshwari: So, we continue to expand our geography, our reach, our segments, where Sanjay said that we were focusing on SME and the mid-market and some specific products for large enterprises. So, all those things will happen, and we have to continue our investment on sales and marketing side. But it has to be linked with the revenue. Once we start getting the revenue, we will keep on investing.

Ashish Soni: Okay. Thanks and all the best.

Ankit Maheshwari: Thank you.

Bhavin Vakil: Thanks for this. So, I've been hearing more about Enterprise and Consumer business. So, just wanted to understand what is the expected inflection point where Enterprise revenue takes over consumer? And second question is currently, how many enterprise customers contribute more than INR 1 crore of revenue for us?

Ankit Maheshwari: So, I will not be able to give you an inflection point, when it will come, but I can tell you that 4 years back, our Consumer business was 18% and our Enterprise business 20%. But over the last couple of quarters, now it is 60-40. In fact, it was 59% and 41%. That's what I recollect.

So, we are continuously progressing the direction where very soon, our Enterprise business will take over the Consumer business. That is point number one. Sorry, there was a second question from you.

Bhavin Vakil: So, I don't know whether I've seen it but just wanted to understand how many Enterprise customers would approximately contribute INR 1 crore of revenue for us each year.

Ankit Maheshwari: So, Bhavin, we don't disclose these numbers to the outside world, but we do have that level of customers. That's all I can say.

Bhavin Vakil: Understood. No, no. Fair enough. And just one more question on R&D. I understand you've got a lot of questions on R&D. Just wanted to understand what would be the steady-state margin profile once the R&D is completed for us?

Ankit Maheshwari: So, I just mentioned that in our business, R&D is the key, because the market is so dynamic, we have to be a step ahead as compared to hackers. So, I can tell you that as the revenue will grow in certain percentage, our R&D will also grow, but with a lesser percentage. However, the investment in R&D will continue. and so with the sales. So, these are 2 pillars at which our success will go.

Sanjay Katkar: Here, I just would like to add one thing that when it comes to cybersecurity, it is not a one-time innovation. It is a continuous innovation because every day, there is a new challenge, new problem, new attacks happening across the globe. And we have to be ready to protect our customers, not only new customers, but even the existing customers. So, innovation doesn't stop here. And when innovation doesn't stop, R&D cost will always continue what it is there.

Bhavin Vakil: Understood. And what are the risks for us for Enterprise customers, specifically when there is some sort of a cyber hack, which happens like anything major liability for us? Or is it capped to revenue?

Ankit Maheshwari: So, again we do have all insurances in place, which covers us from any such type of risk. At the same time, it depends on the contract from customer to customer. Sometimes it has been

capped to the revenue from that customer, sometimes it's capped to a particular number, but we have covered it through various insurances.

Bhavin Vakil: Understood. Thanks a lot for this. Thank you.

Ankit Maheshwari: Thank you, Bhavin.

Bhavin Vakil: Just one more follow-up question. So, we expect our TAM to increase from INR 1,800 crores to INR 4,000 crores. So, what would be the possible breakdown between Consumer, Enterprise and Exports for us?

Ankit Maheshwari: If I recollect, the Consumer is in the range of INR 600 crores to INR 800 crores in this. So, out of this INR 4,000 crores, you can assume that about 20% is Consumer and rest INR 3,200 crores is the Enterprise business.

Bhavin Vakil: Understood. And what percentage would be Export for us, like a rough idea, not...

Ankit Maheshwari: Sorry, can you come again?

Bhavin Vakil: I am saying what would be the exports.

Ankit Maheshwari: We haven't been able to do the calculation. I am not able to give you. If you are asking our share, it is in the range of 20%, right. I thought you were asking in the 4000 how much is International.

Bhavin Vakil: Okay. So, 1,000 International, INR 800 crores would be Consumer and balance, sorry, I got this wrong.

Kailash Katkar: No, no. So, in my Enterprise revenue, 20% is coming from International. That is point number one.

Bhavin Vakil: Okay.

Ankit Maheshwari: In the INR 4,000 crores, the split is 20% Consumer and around 80%, which is INR 3,200 is Enterprise. Now in that INR 3,200 crores, how much is going to be International, I need to check and come back.

Bhavin Vakil: Got it. Got it. Understood. And in enterprise, what are our operating margins versus Consumer?

Ankit Maheshwari: So, we don't disclose these numbers. But as we grow, as the number will go up, these margins will certainly improve.

Bhavin Vakil: Understood. Understood. It's an internal call, but any specific reason for not disclosing operating margins?

Ankit Maheshwari: So, we don't operate in 2 different segments. We are saying that both the businesses are currently seen together. And the size of the business used to be very small, Enterprise business. As we grow in the level, we will try to share and give more information around the operating margins for both businesses separately. But at this point of time, we are tracking it as one, so currently, this quarter, we had margins of about 11% EBITDA margin, but it varies in that range.

Bhavin Vakil: Sorry, how much approximately?

Ankit Maheshwari: 11% is the number for the current quarter. 11% EBITDA margin.

Bhavin Vakil: EBITDA margin. Okay, blended one.

Ankit Maheshwari: Blended.

Bhavin Vakil: Sure, sure. Yeah, thanks for this. I think going forward, if you can disclose these kind of numbers, I think there could be more investor interest because I think at least for me, I think I am not able to figure out specifically how to evaluate the company considering lack of numbers. Thank you.

Ankit Maheshwari: Feedback taken, Bhavin. But I can tell you that Consumer business, we are in an established phase. So, the margins there are certainly higher as compared to Enterprise business. But your feedback is taken, and we will try to give those inputs, additional numbers in the coming quarters.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the Management for closing comments.

Ankit Maheshwari: Thank you, everyone, and wish you a very happy Deepawali. Look forward. Thank you.

Sanjay Katkar: Happy Diwali to all of you. Thank you.

Moderator: Thank you, Management. On behalf of Quick Heal Technologies Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.