Operator: Quick Heal Technologies Ltd., hosted by Valorem Advisors. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touch-tone phone. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Operator: Thank you. Good evening, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors, and we represent investor relations for Quick Heal Technologies Ltd. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for Q2 and H1 FY27.

Before we begin, let me mention a quick cautionary statement. Some of the statements mentioned in today's earnings 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 management. Audiences are cautioned not to place undue reliance on these forward-looking statements when making investment decisions. The focus of today's earnings conference call is purely to educate and create awareness about the company's fundamental business and financial performance for the quarter under review.

Now, without any further delay, let me introduce you to the management participating in today's earnings call. We have with us Dr. Sanjay Katkar, Joint Managing Director; Mr. Harish Kumar, Chief Executive Officer; and Mr. Ankit Maheshwari, Chief Financial Officer. Without any further ado, I request Dr. Sanjay to start with his opening remarks. Thank you, and over to you, sir.

Dr. Sanjay Katkar – Joint Managing Director: Thank you. This is Sanjay Katkar. Good evening, everyone, and thank you for joining us.

I would like to begin with a perspective on how the cybersecurity environment is evolving and how Quick Heal and Seqrite are responding to that change. The attack surface is expanding. Technology environments are becoming more distributed, and customers are increasingly considering cybersecurity together with data protection and privacy.

For us, this creates both a responsibility and a larger opportunity. Over the years, we have built deep capabilities in threat research, endpoint security, and cybersecurity technology. The strategic evolution now underway is to apply those strengths to a broader set of customers' problems.

In enterprise, this means moving beyond our traditional strength in endpoint protection. Our portfolio is expanding into data privacy, exposure management, and ransomware resilience, alongside our broader cybersecurity capabilities.

These are not isolated point bets. We are building an integrated architecture through which our technology capabilities can increasingly work together, helping customers simplify security operations while enabling Seqrite to address a larger share of their cybersecurity requirements.

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This evolution is also changing how we think about product development. Customers do not want security technologies that operate in isolation or add future complexity to their environment. They expect better visibility, faster response, and solutions that can be adopted without creating additional operational burden.

Our product direction is therefore guided by three principles: deepen protection in the areas where we already have strong capabilities, connect adjacent technologies into a more coherent security architecture, and make the resulting solutions simpler for customers to consume and manage.

Our threat research at Seqrite Labs remains central to this approach. The telemetry generated across our installed base gives our teams a continuous view of how attacks are changing. That insight is applied across detection, response, and product design, helping us improve established products while shaping newer capabilities.

The opportunity is particularly relevant in India, where organizations across segments are digitizing rapidly while facing increasingly sophisticated threats and a more demanding data protection environment. Our local research depth, established customer relationships, and expanding portfolio give us a differentiated foundation from which to address this opportunity.

During H1 FY27, we secured strategic wins across defense, BFSI, and a large IT services company through our new-generation products. We also continue to see momentum in the government business. Beyond the immediate commercial value, such engagements are important learning opportunities. They allow us to validate our products in complex operating environments, sharpen deployment models, and build reference use cases that can support wider adoption across similar customer segments.

It is about commercializing innovation, packaging our capabilities around specific customer problems, simplifying adoption, and achieving scale. That requires close alignment across engineering, product management, and go-to-market. This is where the organization is increasingly focused.

We will continue to invest in research and innovation because the threat environment does not stand still. At the same time, we will judge progress by how effectively our technology improves customer relevance and translates into scalable business outcomes.

With that perspective, I will hand over to Harish.

Harish Kumar – Chief Executive Officer: Thank you, Sanjay, and good evening, everyone.

Q2 is a step in the right direction. More importantly, it gives us greater clarity on where we need to focus to build a more consistent and scalable business.

Our immediate priority is commercial execution. Over the last few quarters, we have invested significantly in our product portfolio, technology capabilities, and organization. The focus now is to translate these investments into customer acquisition, higher monetization of the portfolio, and stronger productivity from our go-to-market engine.

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Let me start with enterprise. We are seeing encouraging traction in the enterprise business, including strategic wins across defense, BFSI, and a large IT services company through our new-generation products, while the government continues to be an important market for us.

The next phase for Seqrite is about converting our broader portfolio into a larger share of customers' cybersecurity and privacy spend. Our approach is differentiated by product maturity. In established categories, particularly endpoint security, the focus is on protecting the install base, improving renewals, and increasing upsell.

For newer offerings, our priority is different. We need to establish stronger customer references, demonstrate the effectiveness of the solutions in real-world environments, and create repeatable sales motions. We will scale investments behind these offerings as customer validation strengthens.

Internationally, we will remain selective. We would rather build meaningful positions in a smaller number of markets than spread our resources too thin.

In consumer, our actions are more deliberate. The business has a strong franchise and distribution footprint, but growth cannot come at the expense of business quality. We have therefore tightened credit and commercial controls. This will moderate some near-term volume, but we believe it is the right trade-off to improve receivables quality, channel discipline, and the economics of the business.

We are also beginning to extend the consumer proposition beyond conventional antivirus as consumers face a broader range of digital risks. We will approach these opportunities selectively, without diluting our focus on the core.

Across enterprise and consumer, therefore, the agenda is quality. In enterprise, we need to monetize the breadth of the portfolio. In consumer, we need to strengthen the quality and productivity of the franchise. Across both businesses, we need greater commercial productivity and predictability. We are consequently becoming more selective about where we allocate people, capital, and management attention.

Innovation will remain fundamental to Quick Heal. But at this stage of our journey, successful innovation must increasingly be visible in customer adoption and commercial outcomes. That is the execution discipline we are bringing to the business.

With that, I will hand over to Ankit to take you through the financial performance.

Ankit Maheshwari – Chief Financial Officer: Thank you, Harish, and good evening, everyone.

Let me now take you through the financial performance for the quarter. Our financial performance for the quarter demonstrates our resilience in the business as we sail through headwinds, especially in consumer.

For Q2 FY27, consolidated revenue stood at 65 crore, representing quarter-on-quarter growth of 44% over Q1. On a year-on-year basis, revenue declined by 22%.

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The quarter-on-quarter growth was visible across both businesses. Enterprise revenue was 29 crore, increasing 18% quarter-on-quarter and declining 4% year-on-year. Consumer revenue was 36 crore, increasing 86% quarter-on-quarter and declining 40% year-on-year.

Total expenditure, excluding depreciation, remained flat at 63 crore in Q2. The combination of higher revenue and a lower operating cost base resulted in EBITDA improving from a loss of 17.6 crore in Q1 to a positive 2.3 crore in Q2.

PAT was 5.8 crore, compared with a loss of 5.3 crore in Q1, resulting in a PAT margin of 9%.

Our balance sheet continues to be strong and debt-free, providing us with the flexibility to continue investing in R&D and market expansion opportunities.

Total receivables declined to 98 crore from 107 crore at the end of Q1. The comparable figure in Q2 FY26 was 176 crore. This represents a reduction of 78 crore in total receivables over the course of one year, due to our tightened credit control with our partners.

Deferred revenue stood at 48 crore, compared with 52 crore in Q1 FY27, while the enterprise order book remained above 57 crore.

Our financial priorities are to maintain discipline on the cost base, continue improving collections and working capital, and translate revenue growth into consistent operating leverage and cash generation.

With a strong foundation and a clear strategic roadmap, we remain committed to delivering consistent and sustainable growth in the future.

Thank you. We will now be happy to take your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

A reminder to all participants: if you wish to ask a question, please press star and one. The first question is from the line of Sheetal Shah, an individual investor. Please go ahead.

Sheetal Shah – Individual Investor: Am I audible, sir?

Management: You are audible. Yes.

Sheetal Shah – Individual Investor: Yes. A very good afternoon, sir.

The last 10 years have been very painful for the company and shareholders in particular. You may agree with me, sir. Despite cybersecurity being a buzzword for a long time, and despite our company having a first-mover advantage and preference due to its domestic nature, our financials for the last 10 years are nothing but pathetic.

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Sales in March 2015 were 286 crore. After 10 years, they have become 261 crore. The same applies to profit: 54 crore has turned into a loss of 11 crore.

Sheetal Shah – Individual Investor: Market capitalization is less than what it was 10 years ago. Although we, as an investor community, have had very bad luck getting a concrete answer from management about what lies ahead, I am trying my luck again. I would like to ask what you aspire to achieve for the company in the next 3 to 4 years in terms of revenue and margins. This is my first question, sir.

Sanjay: [pause] Chetan, this is Sanjay here. You rightly highlighted and gave the history of the last 10 years. But I would like to add here, or answer, that we have been answering this question for a long time. It is not as though we have shied away from answering it.

When we got listed, we were predominantly a consumer antivirus company, primarily dealing with the B2C market across India, and we were a leading market player in India. Even today, we are still the market leader in the consumer segment, but the overall market dynamics have changed. The consumer antivirus business has declined, not only in India but globally, due to certain changes on the operating system side. Overall, the global B2C consumer market has declined, and in many countries it has dropped to almost negligible levels.

Over these 10 years, we have invested whatever we earned from the consumer market into building our enterprise security business. That is the transition we have been going through. If you look at our balance sheet since 2015, there has been constant investment in building new products focused on the enterprise segment. This has given us results, as the contribution of enterprise sales to revenue is increasing every year. The contribution from consumer sales has been decreasing since then.

That is why, throughout these 10 years, we have appeared flat, or in some quarters we have been up and in some quarters down. Overall, our contribution from enterprise revenue is almost 50-50—yes, it is almost 50%—and revenue from consumer has dropped to 50%.

The traction is that, over at least the coming 3 years, we anticipate that the contribution from enterprise will grow beyond 80%.

The enterprise cybersecurity market is still in a growth stage, it is going to become even larger, and India as a nation is taking cybersecurity seriously. We are quite hopeful that the Indian cybersecurity market is going to grow in a very different direction for enterprise.

As an early entrant into this market, and with our experience in consumer cybersecurity protection, we have the advantage of being the only Indian player with many product offerings in cybersecurity. That is the direction in which we are moving.

Regarding the outlook and margins, we currently do not disclose them because this is the policy we have been following. However, I can clearly say that our focus is the enterprise market. We have strong offerings in the EPP, EDR, and XDR product verticals, and we have started gaining a good market share in small and medium-sized businesses with these offerings.

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We are hopeful that, by expanding our market share and adding new product offerings such as data privacy, we can grow further. India has introduced this law, and we have a good understanding of data protection and data privacy. This new offering, which we launched last year, will add to our revenues along with the security product offerings that we already have. I think I have answered your question.

Sheetal Shah – Individual Investor: Yes, sir. But you are again refraining from giving any revenue or margin guidance. No problem, sir. I will try my luck another way. What is the biggest challenge in our business, whether consumer or enterprise? That is number one. Number two, what external environment do you aspire to see so that our company can grow at a consistent rate for the quarters and years to come? These are my two questions, sir, asked another way.

Sanjay: Regarding the first question, can you repeat it?

Sheetal Shah – Individual Investor: What is the biggest challenge in our business, whether consumer or enterprise? I agree with you that our preference has changed from consumer to business and enterprise. I agree with you, sir. But this is not reflecting in either volume or profit. What challenges are you facing?

I am reframing the first question and asking it another way: what challenges have you been facing for so long, and why have we not been able to overcome them? We are developing products, spending on R&D, and doing everything. We are the only Indian cybersecurity company, and cybersecurity is such a buzzword now. Every day, we read about this in the newspaper.

But somewhere, what are we actually doing wrong that we are not able to show anything in the financials, whether in consumer or enterprise? What external environment do you aspire to see so that we can grow in a consistent and profitable way? Can you give me an idea about this, sir? As shareholders, we would like to understand what you want and where we are lagging.

Sanjay: I think I have already answered part of this, but I will add more detail. As I said, we have shifted our focus from consumer to enterprise.

The challenge on the consumer side is the dominance of Microsoft, which has a prominent operating system across PCs. Its policies of deploying the free version by default and removing the expired version by default are the biggest challenges faced not only by Quick Heal but by antivirus vendors across the globe. That is the biggest challenge, and I cannot deny it. This is causing a major decline in the B2C business.

On the enterprise front, enterprise is a larger market, but the enterprise cybersecurity market is much more fragmented. The market we are targeting is endpoint security, EDR, and XDR, which are our flagship products, and that is where our strength lies.

Even within that market, it is segmented into small, medium, and large enterprises. We are targeting small, medium, and micro businesses. In India, the cybersecurity spending by these organizations is much lower than anywhere else across the globe. That is the market that is also developing in India. Spending habits, awareness, and budget allocation for cybersecurity are developing in these segments.

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Very large enterprises are not our customers because their policies are completely different. That market segment is driven by multinational companies, where Gartner and similar organizations play a major role in selection. That is something we are trying to avoid. We do not enter large enterprises.

The mid-market and small-business segment is growing, and I am seeing very good traction there. I am confident that we will capture a major share of this market in the years ahead.

Sheetal Shah – Individual Investor: Okay, okay, sir. This helps. At {? TAM ?}, we were expecting the total addressable market to be so large, but now we understand that it is compressed for us because we are catering only to selected enterprises.

Sanjay: No, we are predominantly into endpoint security, EDR, and XDR. With the new offering of data privacy, which is a new market being created due to the DPDPA law, we are additionally adding this as a vertical for ourselves. We have launched our offerings and have started seeing good traction in that area as well. I would describe this as a new vertical.

There are many verticals in cybersecurity. Endpoint is one, and there are also firewall, networking, and SOC, among others. All these are different verticals. We are not in those markets. We are predominantly in endpoint, EDR, and XDR. Data privacy is another area for us.

Sheetal Shah – Individual Investor: Okay, okay. In DPDPA, can you give us some insight into how much revenue our product can generate over a period of time? Is that insight possible, sir?

Harish Kumar – CFO: Chetan, this is Harish Kumar, CFO. We do not comment on projected revenue from individual products, nor do we comment on future revenue. To give you an idea, we are actively engaging with enterprise and a number of public-sector clients to support their data protection and compliance requirements.

Our focus is also on converting these opportunities into businesses through our expanding portfolio of products. However, it is early to quantify the exact revenue opportunity. We see DPDPA as a significant medium- to long-term growth driver for our enterprise business. In fact, we do believe that this will match our endpoint security business very soon.

Sheetal Shah – Individual Investor: Come on. Okay, sir, the last two questions from my side. Employee cost has declined by 17 crore year-on-year. Is there any specific reason for this, sir?

Ankit: Hi, Chetan, this is Ankit. We have been continuously optimizing our costs. While we continue to invest in R&D and sales, at the same time we are also optimizing our costs, and you are seeing the impact of that in the cost base.

Sheetal Shah – Individual Investor: So, will this be a new run rate, sir?

Ankit: As Harish also mentioned, we do not provide guidance. However, we have optimized our costs. Wherever we feel there is a gap, we are also adding headcount and investments. But it is in a similar range at this point in time.

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Sheetal Shah – Individual Investor: No worries, sir. As always, I asked for much more but received very little. No problem, sir. To conclude, the patience of the shareholders has been severely tested for a long time, and we hope and wish the management the best in doing something significant and constructive to bring glory to both the company and its shareholders. Thank you very much, sir.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, to ask a question, please press star and one.

A reminder to all participants: anyone who wishes to ask a question, please press star and one.

We will take our next question from the line of Shubham Sahani from RSP Enterprises. Please go ahead.

Shubham Sahani – RSP Enterprises: Hello. Am I audible?

Sanjay: Yes.

Shubham Sahani – RSP Enterprises: Thank you for the opportunity. I wanted to ask about the overall tailwind from AI entering the cybersecurity sector. As a result, the attack surface has increased significantly, as Mr. Sanjay told us at the start of the call. Do you see any consumer tailwinds here or any increase in demand from the consumer side of the business due to the rise of AI?

Sanjay: Thank you, Shubham. I do not see any change in demand coming from the consumer side unless there are targeted attacks against individuals. However, I do not envisage that in the short term, for now.

AI-based attacks are definitely creating good awareness among large enterprises and the mid-market. Since we all know that a lot of digitization is happening in India and people are on a transformation journey toward adding AI agents to their organizations and optimizing costs, that is where we will start seeing more and more attacks. We are seeing some attacks happening on that front. I do not see this affecting the consumer side.

Shubham Sahani – RSP Enterprises: To add to this, regarding the second part of the enterprise business, I wanted to ask whether the fact that there are now so many attacks on small and medium-sized businesses creates a very good scenario for the company to sell its products or add new products to the stack, which would essentially increase revenue. Do you see any good opportunity there?

Sanjay: I will give you some insight. Small and medium-sized businesses have been using traditional security and have not been investing heavily in cybersecurity, with limited investment in endpoint security or antivirus.

With the advent of AI and the attacks becoming more sophisticated and faster, the response needs to match that pace. That is where awareness, as well as investment in cybersecurity, is going to increase from here on. This is a good sign for a company like us because the market will not depend only on traditional security or operating system security. It will become a more important market for players like us that have sophisticated technologies capable of dealing with automated AI attacks.

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Shubham Sahani – RSP Enterprises: I have one last question. If businesses in India are not likely to spend very heavily in the short term, do you see any international markets where you have scope to expand to smaller and medium-sized businesses and generate more revenue? Do you have any selective international expansion plans?

Harish: Hello, Shubham. Harish here. Yes, international business continues to be an important aspect of our business. As I said in my commentary, we want to be very careful about which geographies and countries we enter and operate in.

Currently, we are present in more than 26-27 countries. We do see some key markets, such as Italy and the Philippines, generating consistent revenue for us, along with South Africa. This will continue to be our focus. We will keep evaluating which other territories and countries we should expand our footprint into as we move forward.

Shubham Sahani – RSP Enterprises: Could you tell me the split between revenue from international and Indian clients?

Harish: We are not reporting the domestic and international split at this point in time. We may look at it in the future, but currently we do not have any reporting on that.

Shubham Sahani – RSP Enterprises: Okay, thank you.

Operator: Thank you. A reminder to all participants: if you wish to ask a question, please press star and one.

As there are no further questions from the participants, I now hand the conference back to management for closing comments.

Management: Thank you, everyone, and wish you a very happy Diwali. We look forward to speaking with you again. Thank you.

Management: Thank you.

Management: Thank you all.

Operator: Thank you very much, sir. On behalf of Quick Heal Technologies Ltd., that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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