

Quick Heal Technologies Limited
Q1 FY'26 Earnings Conference Call
August 08, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY'26 Earnings Conference Call of Quick Heal Technologies Limited hosted by Valorem Advisors.

As a reminder, all participant 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you ma’am.

Nupur Jainkunia: Thank you. Good evening, everyone, and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent 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 1st Quarter 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 belief, as well as assumptions made by and information currently available to 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, I would like to introduce you to the Management participating with us in today's earnings call and hand it over to them for opening remarks. We firstly have with us Dr. Kailash Katkar – Managing Director; Dr. Sanjay Katkar – Joint Managing Director; Mr. Vishal Salvi – Chief Executive Officer; and Mr. Ankit Maheshwari – Chief Financial Officer.

Without any further delay, I request Mr. Vishal Salvi to give his opening remarks. Thank you, and over to you, sir.

Vishal Salvi: Thank you so much, and good evening to all of you. I am Vishal Savi – CEO of Quick Heal and thanks for joining me today. I want to walk you through the Quick Heal Technologies Limited

Q1 FY'26 update. FY'26 Q1 was softer than expected, and we faced some headwinds, especially in our consumer business, and few key enterprise deals got deferred, which impacted our near-term revenue. But, I want to emphasize that these challenges don't define us. Instead, they have strengthened our resolve. We have doubled down on building out our partner ecosystem and accelerating the adoption of next gen cyber security solutions. These are foundational steps that will pay off over the coming quarters.

Innovation is at the core of what we do. One of the highlights for this quarter is the launch of Anti Fraud.AI freemium. Introducing a freemium model lets us accelerate adoption among consumers by lowering the barriers. It's a way to build trust and expand our user base, which will fuel future opportunities. We also received analyst recognition for our Seqrite product. It's always great to see validation from a global analyst firm and confirm that we are on the right track with our enterprise security solutions. Beyond products, we are investing in deepening our relationships with partners and consumers. We hosted a successful event in Bangalore tied in with a focused data privacy awareness campaign. These efforts help us to build trust and demonstrate our commitment to protecting customer data in a meaningful way.

On the marketing front, we launched 360 degrees brand advocacy campaign in Tamil Nadu. We engaged over 100 micro influencers and leverage user generated content. This approach creates authentic connections with local communities, which is crucial in building brand loyalty and awareness. Starting this year, we are focusing on strategic expansion in select international geographies. I am excited to report that we have roughly doubled our revenue year-on-year in key overseas markets. This shows that our solutions resonate beyond India, and we are successfully growing our global footprint.

To support our partner led growth, we brought on board a new Vice President of channel and alliance. Expanding our partner ecosystem is critical for scaling and having a strong leadership in this area is a big step forward. Quick Heal Academy continues to capture key logos and we did onboard a couple of marquee clients in this space. To wrap it up, Yes Q1 FY'26 presented some challenges, but we are optimistic because of the strategic progress that we have made, from the product launches to brand building, to expanding internationally and strengthening our partnerships. Quick Heal is well positioned to deliver sustainable value in the fast-evolving cyber security landscape. With this, I would like to invite our Chairman and Managing Director, Kailash Katkar for our positioning in the cyber security landscape.

Kailash Katkar:

Thank you, Vishal, and good evening to all of you. Quick Heal has been my lifeline, what started in a small shop with a simple mission to protect people from viruses and malwares has grown over the last 30 years into one of the India's most trusted cyber security brand. Today, we protect not just individuals but small businesses, large enterprises, government institutes and many more. And we do this through solutions built right here in our own R&D center and lab, Seqrite lab, one of the largest in the country. One of the things I am most proud of is our position as a trusted native cyber security provider. In today's world, digital threats are rising

fast, especially with global tensions and complex cyber risk. Our role has never been more important, our products don't just protect they help India stay digitally secure. We are aligned with the Atmanirbhar Bharat vision.

Now, I know quarterly numbers can sometimes feel like a snapshot that doesn't tell the full story, but cyber security isn't a short-term gain. It's a long-term mission, and we are in it. We have a strong foundation, a deep talent pool of experts, a respected brand in the market, world class infrastructure including our malware lab and the most important, the trust of millions of customers. The demand for cyber security is only going to grow, and we are ready with the right people, right technology and the right vision. Thank you for being with us. Your support means everything. I would like to invite Sanjay to speak about our innovation that we are driving at the Company.

Sanjay Katkar:

Thank you guys. So, at Quick Heal our purpose 'Innovate, Simplify and Secure' drives every aspect of our work. We innovate to stay ahead of emerging cyber threats, simplify complex security challenges for our users, as well as businesses and enterprises and secure digital environment across all its sectors. This vision comes to light through cutting edge platforms like GoDeep.AI, an AI driven threat detection that continuously learns and adapts to identify sophisticated attacks in real time.

Most recently, we have introduced SIA, Seqrite Intelligent Assistant as a part of our XDR, which is extended detection and response platform. SIA acts as a contextual and intelligent assistant helping cyber security teams interpret threat data, correlate incidents and respond faster with actionable insights. By combining automation, threat intelligence and intuitive design, we are making enterprise grade security smarter and more accessible. These innovations reflect our ongoing commitment to protecting the digital world through technologies that are intelligent, scalable and built for the future.

Further, our mission to make cyber security more inclusive and accessible we have also partnered with Bhashini the national language translation mission. Through this collaboration, we aim to deliver cyber security awareness and assistance in multiple Indian languages, ensuring that language is no longer a barrier to staying secure in the digital world.

As we look ahead, we remain committed to building a safer digital future, one where security is intelligent, intuitive and within reach of everybody. With this, I would like to hand it over to Ankit to talk specifically on the financial performance of the quarter.

Ankit Maheshwari:

Thank you, Sanjay. Hello, everyone. I would like to walk you through Quick Heal's financial performance for Quarter 1 FY'26. The numbers reflect some challenges this quarter. I will also elaborate on some important operational insights that can help us understand the Company's strategic position.

Starting with top line:

We see revenue declining to Rs.57 crores in Q1 FY'26 compared to Rs.70 crore and Rs.65 crore in Q1 and Q4 of previous year respectively. This dip largely is a result of softer market conditions in the consumer segment. Owing to overdue receivables and challenges we faced in collections in earlier quarters, we have taken proactive measures to curtail invoicing this quarter for few specific partners. Having said that, we have seen a positive trend in collections in the month of July.

In the enterprise segment, we have seen deferral in few deal closures, resulting in a flattish year-on-year result. The latest order of cyber literacy program that we had disclosed in May, which is already reflected in our order book, has initiated in Q2 as the academic institutions have just opened up. Moving to operating costs, overall expenditure has been consistent at Rs.66 crores this quarter, the same level as Q1 last year. While the R&D spends are optimized, our commitment to innovation remains strong, delivering cyber security products to protect our customers against cyber-attacks. EBITDA for the quarter is negative Rs.9.7 crore. Profit after tax for the quarter stands at negative Rs.5.5 crore.

To summarize, the financials reveal that we are currently navigating a challenging quarter, marked by revenue softness and continuous investment in growth and innovation. Going forward, the key focus will be on driving revenue recovery while managing expenses to improve margins. I am confident this balanced approach will deliver better operating leverage and create shareholders' value. Thank you for listening. I would like to open the floor for the question-and-answer session.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jitendra Agarwal from Relax Capital. Please proceed.

Jatinder Agarwal:

So just one thing, so this is on the B2B segment, or the enterprise business. So we have consciously increased the addressable market that we have over the last 15, 18 months, and to what I understand, the last thing was that last year March, the full stack was ready, but if you look at the total addressable market that you have, and you actually look at the revenue growth that you are actually posting in that segment, it is like single digits at best on an annualized basis. So can you just explain where is the gap, are you missing out in terms of people in sales who are able to push that product into the market, is it pricing that you get priced out because of competition or is it something like execution that you are not able to actually execute or implement whatever you would have done in terms of your strategy. So, I want to have a more detailed understanding of what is going wrong in the enterprise business. I am not so concerned about what is happening on the B2C business. That will help us. Thank you.

Vishal Salvi: Thank you so much for that question, Jatinder. And see, one thing is you need to understand the business. First of all, I wanted to tell you that from the way we are running this business, we don't see any major things which are going wrong in our enterprise strategy, and I will tell you why, one is that, as you rightly said, the full stack of all these new products was launched and introduced somewhere last year. And a lot of this actually requires reach out and GTM for it to start having inroads into the customer segment that we have targeted. Now, if you remember one of those was related to our data privacy stack, and we were talking about how we were launching and building it, and how we were obviously very aspirational in terms of its growth. But unfortunately, because the guidelines have not yet been issued by the government of India, we are still waiting. But having said that, the good news is that we have created a very strong pipeline of data privacy deals. And I am also happy to share that we have won large BFSI deal in this quarter. So, we have started to also now get into a winning position in the market and that is a good news. So, while we were talking about it, now we have started to see that it is getting fructified. Now overall, if you look at it from zero in terms of contribution for the enterprise revenue, right now our new product segment stands at somewhere between 13% to 15%, and that's a steady growth which has happened. But, if you look at our pipeline, we are extremely bullish. All the foundations that we have put in place is now coming to bear, and we have started to have good conversations. So, the last thing I wanted to say in this, that if you look at any enterprise cyber-security business it has got a gestation period, and we need to be committed to it for it to start reaping benefits. All the hard work that we have done is setting up the foundation and we remain bullish, in terms of how we are going to grow in this market. And also, very important aspect that you should know is that we have constantly grown of course, if you look at quarter-on-quarter it is appearing to be flattish because some deals got deferred. Otherwise, it would have been a very different story, but like I said, we have now won a very large deal in the data privacy segment and good pipeline is there. So, we can start seeing some growth coming up in the coming quarters. I hope that answers your question.

Jatinder Agarwal: Okay. My next question is for Mr. Katkar. If you could explain now that Vishal is on his way out, what is your thought process in terms of looking out for someone, are the promoters going to come back into the business or do we again look back for our professional CEO?

Kailash Katkar: So, as a part of our succession planning, the Company is currently engaging an active search for a new CEO to lead us into the future.

Jatinder Agarwal: So, the promoter family does not intend to come back. Is it?

Kailash Katkar: Not as a CEO, because I am the Chairperson as well as the Managing Director. So, Managing Director can manage in the interim period actually.

Jatinder Agarwal: Okay. And is there any timeline, are you talking to some people, or is there any sense as to by when you think you should be able to close, professional CEO?

Kailash Katkar: Whoever we might select, again it might take two to three months time as a notice period part of it, we will try to close it as early as possible.

Jatinder Agarwal: Perfect. And one thing I want to ask it is more on the business side. A large part of your investments over the last couple of years have gone into creating this enterprise platform, products whatever you may call and generally, in a product business, once revenues start coming, we see a curve in terms of margin expansion. And if you go back, I had asked this question say about two, three years ago also and the management this thing was that we will have 50% revenues coming from B2C, and 50 from B2B. And I still remember asking the same question, what if B2C decline, then we are effectively at the same run rate, which is what the fear I had. And it seems to be translating into something like, if not exactly the same number, but it seems to be exactly translating into something of a similar thought process. Can you give a three year, five year thought process, this is what I think my revenues will be. This is what my cost structure would be. Because otherwise it is all talks in terms of products, in terms of strategy. How you are trying to get into that business, but on the other side, where you have to monetize all that knowledge, we are lacking at least that is what I can make out as an outsider, because we are investors and not really running the business. So if you can just help us understand, I don't want any quarterly revenues this quarter, next quarter I don't care. If you can show some thought process what it will be like in three years, five years. And let's this time not discuss percentage. I want you to tell us this should be my ideal revenue run rate on the enterprise business. This will be B2C, but B2C, I really don't care.

Vishal Salvi: Jatinder, Vishal here. The first important message is that this pivot, enterprise pivot was very critical for the future growth plans of the organization. If we had continued with only consumer, we would have been in a very declining situation as far as the business is concerned, the fact that we have pivoted helps us to maintain, if not decline at least maintain our run rate, which has been there for last few years. That's number one. Number two is, we have continued to be in the investment phase on the products and solutions, which are very critical for enterprises today. And yes, we haven't yet been able to demonstrate the growth that we are looking for but, as you have seen for the last one year, we have been growing our team. We have been doing multiple things to set the foundation for the future. Our new sales organization is fairly young. Our head of sales has just finished one year in the organization, and these things have taken big time for us to navigate the change and get everybody on board. That is what we have been constantly focusing on. So, we feel very confident about the foundation that we have created, and we have not deterred from investing. And it has to be a patient game in terms of looking at how we can now use this foundation for the growth that we have anticipated. We have never given a guidance as far as the future is concerned, what we have said is about how we are investing for the future. So having said that, the leadership team, the promoters, the board feel confident about the business model and where we are, and we will continue to do that and we feel confident that in future, we will start showing the curve and the improvement that you are actually talking about.

Moderator: Thank you. The next question is from the line of Dewang, an Individual Investor. Please proceed.

Dewang: I just have a few suggestions and a technical question is, I have just recently started investing as an individual investor in this Company, and prior to doing that, I was going through the products to understand the quality and how good the products are. And the missing part, which I felt, is I could not come across any videos on YouTube related to unboxing the product or configuring it or how to install it. So, I believe something like a Quick Heal Antifraud is a product similar to True Caller. And while configuring True Caller, it just took me about 15, 20 minutes, and I was up and running and with something like Quick Heal, it's been almost six or seven days I am still struggling in configuring the app and understand what the features of this app are So, if the management could post more videos through the technical team on YouTube, since we predominantly are into the B2C market, it would be a lot more helpful to promote these products and sell them well in the market.

Vishal Salvi: So Dewang, thank you very much for your feedback, and this is something which we have also noted, because especially a product like anti-fraud is basically helping consumers to understand all the risks which are there on their phone, existing on the phone, as well as those which are coming from outside, and therefore there are certain privileges which are required at the time of setting the application. And that can be little difficult for a normal user and that is something which we have noted, and while we are also trying to improve that whole user journey, so that experience of onboarding is simpler, your feedback is well taken. I don't think we have right now created any videos related to unboxing. Apart from that, there are many other videos that we have created, but we will definitely take your feedback and we will work on expediting such videos as well.

Dewang: None of the videos were useful to me as the end user, and I have reasonable experience in the cyber security field to basically understand the product inside out.

Vishal Salvi: So, your feedback is noted Dewang we will work on it.

Moderator: Thank you. The next question is from the line of Jatinder Agarwal from Relax Capital. Please proceed.

Jatinder Agarwal: So, obviously the B2B business, or the enterprise business has been disappointing and you yourself in your comments said that the pipeline looks interesting. I am not sure if I read through the presentation. Is there any place that you disclosed what the pipeline looks like, because if I am an outsider or an investor, I am actually just lost. I just don't have any idea how the new revenue line or order book looks like. Can you share some qualitative aspects?

Vishal Salvi: Jatinder, Vishal here. So, we have been disclosing order book for last 2 Quarters. So, the order book that we have shared is Rs.24 crores. In fact, I should have told you earlier itself that it's a

very healthy order book and also there is a deferred revenue of around Rs.16 crores. So, we have very good visibility, and this is already something which is in the hand. We don't, right now, disclose our pipeline specifically in terms of numbers. Maybe in future, we could give some guidance but right now, we don't. But I can tell you that the things that I talked about earlier, and I am sharing it again now is that, it is improving, and it is looking healthy for us, and it gives us confidence about our future.

Jatinder Agarwal:

So, exactly because it's a very classic B2B business, and we as outsiders are actually lost. So, there has been a lot of data improvement over the last couple of years. This is something that you should ideally discuss internally and disclose on a very regular basis. This is my order book, this is the pipeline I am talking, at least we as outsiders will know that, it takes 12 to 18 months for this to get either into your book or to go to a competitor, but at least we have something to, basically what I am trying to ask is, I need to understand what this number will look like in next two, three years, but the way the presentation goes, or the way the numbers go, actually I am at a loss except for words or in terms of talks, there is frankly nothing that I can rely in terms of numbers. So, we have, I can give you a couple of companies that are there who are into product business, but they genuinely discussed. This is the pipeline which we are bidding in. Now, whether I get the bid or not get the bid, or someone else will get it which is fine, but at least as an outsider or as an investor I can do some probability that my last win rate was x percent, my incremental win rate will be y percent, and then I can at least have some judgment as to how that number looks like. Can you please discuss this internally, so that we as outsiders have some comfort as to what that number on the B2B business will look like?

Vishal Salvi:

Yes, sure. Your feedback is taken on board Jitendra. But like I said, if you remember in previous investor meetings, I had mentioned that, as we fine tune our metrics, we will start sharing and that's when we started sharing our order book. So even in this investor deck, we have shared our order book. And the next thing after that to mature is to give you more color in terms of how the order book will get converted, and what is the time frame. So, we will definitely work on that and improve and give more granularity in the coming quarters.

Moderator:

Thank you. The next question is from the line of Mihir Manohar from Carnelian Asset Management. Please proceed.

Mihir Manohar:

I wanted to understand on the DPDP side, what is the status in Parliament or on the judiciary side or the legislative side, when should one expect the implementation to happen, why is it taking so much time. And second thing was on the product side, when we see the product offering over here, how do we see this product is there competition, overall or others are providing products. And what is the strength of the product when we see the strength versus the existing products, or the competition products?

Vishal Salvi:

Thank you, Mihir for that question. So the current status that I can share with you what we understand is that, we are waiting for the final go ahead from the government. As you know

that government had issued a draft implementation framework for feedback from public, which has been provided and now the final draft is with the government for them to issue it. The good news is that some of the organizations are forward-looking and they have already started their journey. They are not waiting for the act to actually come into enforcement. And as a result, as I just mentioned to you the good news is that we have won one large deal with an Indian BFSI client. And that gives us a lot of confidence and the client has got all aspects of the data privacy life cycle, from data classification, identification, to consent management. Now, as far as our product is concerned, we have used this time to invest and build more features and functionalities into the product. So, the content management aspect which came into play only after the act was introduced, is something which we have integrated in our product during this period of time, and it's already now released and available for our customers, and we already have our first customer. So, this is what we have been doing in terms of using this time to continue to add more features and functionalities. We obviously are betting big on this so that, because of the pipeline that we have created, we will continue to have a good go to market for that. Now as far as the competition is concerned, there are players, there are Indian players and there are global players. We feel very confident, the way we have beaten other players global as well as Indian in this deal that we have won, we feel confident that we will be able to compete in this market. And because it is going to be a very large TAM, we will have a fair play as far as DPDP solution is concerned. So, all of these three things are very critical. And like I said, some of the organizations who are forward looking are not waiting for the act to come in. And we are already doing multiple POCs and proposals are there, hopefully we will be able to close more deals this quarter as well.

Mihir Manohar:

Okay. And this deal is a tier one BFSI, or would it be tier two BFSI?

Vishal Salvi:

It's a tier one insurance Company.

Moderator:

Thank you. As there are no further questions, I now hand the conference over to the management for the closing comments. Over to you, sir.

Vishal Salvi:

Thank you so much everyone for joining us and asking us great questions, and have a good evening. Thank you.

Kailash Katkar:

Thank you.

Moderator:

Thank you. On behalf of Quick Heal Technologies Limited that concludes this conference. Thank you for joining us and you may now disconnect your line.