

**Quick Heal Technologies Limited**  
**Q4 FY'25 Earnings Conference Call**  
**May 7, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY '25 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. I now hand the conference over to Ms. Nupur Jain from Valorem Advisors. Thank you and over to you Ma’am.

**Nupur Jain:** Thank you. Good evening, everyone, and a warm welcome to you all. My name is Nupur Jain 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 fourth quarter and financial year 2025.

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 have with us Mr. 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, Nupur, and good evening, everyone. Thank you for joining us today as we discuss Quick Heal Technologies performance for the 4th Quarter of FY '25. In the wake of our current conflict with our neighbor, while there are kinetic actions which have been initiated, there's a

parallel cyber war, which is ongoing, and we are playing an important part to protect the digital infrastructure of our country.

FY'25 was a year of change management and course correction for the company. While we faced turbulence throughout the year, we remain focused and committed towards our goals. Our performance for the year FY '25 was below par, largely on account of headwinds in consumer business, government buying slowing down. However, we do have a very healthy pipeline and are confident of our outlook for FY '26.

There are 3 levers of our growth trajectory, which are:

- Products.
- Consumer Segments.
- Geography.

**On the product lever:**

We have launched multiple new product categories in Horizon-3, along with our regular updates and version releases that we have done and to the existing solutions. In the consumer segment, we launched our groundbreaking fraud prevention solution, AntiFraud.AI. We are continuously fine-tuning our products, sales motion, et cetera, to make it a success. And I'm very happy to share that now we are going to launch AntiFraud.AI Premium in this quarter. Given the rise of cybercrime in India impacting gullible citizens, we remain committed to fight this battle with AntiFraud.AI.

On the enterprise side, we launched Seqrite Malware Analysis Platform (SMAP) and Seqrite Threat Intelligence Solution with first customer already onboarded. These solutions have created on the foundation of deep research at our Seqrite Labs, creating a value layer for democratizing malware analysis and cyber threat intel. While organizations have been investing in multiple layers of cybersecurity tools, a large number of security leaders continue to flag alert fatigue and resource overload as pressing issues. The reality is that, security teams are overburdened due to complexity of security technologies and the scale of cyberattacks.

The threat landscape is dynamic and growing exponentially and the traditional approaches simply aren't scaling enough and fast enough. This is where I am excited to introduce SIA, the Seqrite Intelligent Assistant, which we have launched a couple of days ago. SIA is a virtual AI-powered assistant designed to augment security teams, not replace them, but empower them. Built using advanced generative AI, including agentic AI capabilities, to be purpose-oriented and scalable for large volume of queries. SIA understands natural language, interprets context and provides precise actionable intelligence. With the launch of SIA, our aim is to democratize cybersecurity operations and make an effective cybersecurity accessible to our customers. This also underlines our commitment to simplifying cybersecurity by reducing the need for highly

trained cybersecurity professionals. With this launch, all our XDR customers are experiencing the power of SIA now.

With these series of launches that we have done in FY '25, we remain confident to provide a holistic cybersecurity stack to our customers.

**On the second lever, speaking about our customer segments:**

There is a marked improvement in our retention of our large customers, which is giving us confidence on product portfolio maturity. Our current pipeline has not only grown in terms of size, but also has a good business mix across markets as well as cross segments. The 2 critical metrics of enterprise and consumer mix and cloud adoption is showing a very positive trend with our enterprise business now contributing 40% of the company revenue and the cloud product adoption has reached 31%. Last quarter, we talked about the opportunities in our Academy business. I am happy to share that we have been acquiring marquee customers through this offering and continue to grow this business. We have been tirelessly working towards strategic project wins from government, and it gives me immense pleasure to say that we have closed a large deal, which is now reflected in our order book.

**The third lever, which is geographical expansion:**

While we have been largely focusing on India as a market, we are beginning to see a growth in our international business, which accounts for a significant part of our enterprise business now. We are now focused on onboarding more partners in new geos, and I'm happy to share that we now have a new large partner onboarded in Europe and North America, while we continue to strengthen our existing partnerships in Middle East, Africa, Southeast Asia and LATAM.

**To summarize:**

FY '25 has been a building year for us, both in terms of products and our team. And I believe that a good solid foundation has been put in place, which will help us to leapfrog in FY26. Thank you for your continued support.

Now, I'll turn it over to Ankit Maheshwari, our CFO, to provide further details on our financial performance. Ankit, over to you.

**Ankit Maheshwari :**

Thank you, Vishal. Good evening, everyone. FY25 was also a year of investment for us, investments across products, brand solidification and team building, especially in the sales organization. We launched multiple products across the Horizon-3 category, including AntiFraud.AI; Seqrite Malware Analysis Platform (SMAP); Seqrite Threat Intelligence Solution (STI); and SIA- the Seqrite Intelligent Assistant, which we launched earlier this week. These

launches demonstrate our thought leadership and our focus at customer value creation by strengthening their defense against cyberattacks.

Our confidence in product vision and launches are further strengthened from the fact that our new product billing for the year is 3 times that of the previous year. The new product billing largely comes from the Horizon-2 category as Horizon-3 products were launched towards the second half of last year and would undergo typical product maturity cycle of cybersecurity products.

Having said that, we missed our revenue expectations for the year FY '25 and stood at INR 280 crores as against INR 292 crores last year. However, incremental deferred revenue for the year stood at INR 12 crores plus, marking a stark increase over previous years. Enterprise revenue now accounts for 40% of our current top line. The revenue performance has been affected by headwinds in the consumer business, and government buying stalled due to general elections and postponement of strategic government deals, as Vishal highlighted earlier. I would like to highlight that despite increased investments in Horizon-3 category and continuing R&D spends in Horizon-2 category, our costs are relatively stable. Following prudent accounting principles and dynamic nature of the industry, we expense all the R&D investments in the P&L. While it might have impacted the profitability in the short-term, these are long-term investments made towards our growth journey.

FY '25 EBITDA stands at negative INR 6.6 crores as against operating profit of INR 18 crores last year. Our PAT for the year is INR 5 crores. We are immensely confident with our strong current pipeline of the enterprise business, which not only comes from its quantum, but also the mix across products and customer segments. Our order book as on date stands at INR 24 crores plus, including the large deal that we closed, which Vishal spoke of earlier as against INR 7 crores stated in our last earnings call. The momentum in the areas of strong pipeline, order book and deferred revenue instills us with confidence for the road ahead.

The fund and bank balances stand at INR 198 crores versus INR 190 crores at the end of Quarter 3. We are a cash-rich company focused on lasting shareholder value creation through right investments in the business at the right time. We remain committed towards our vision of the transformational pivot of the organization.

With that, I would like to open the floor for question-and-session. Thank you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “\*” and “1” on the touchtone telephone. If you wish to withdraw yourself from the question queue, you may press “\*” and “2”. Participants are requested to use handsets while asking a question. The first question comes from the line of Mihir Manohar from Carnelian Asset Management. Please go ahead.

**Mihir Manohar:** Sir, congratulations on launching the new products. I want to get in some questions over there. I wanted to understand on the consumer side. Consumer has been in weak all for the year, particularly the last quarter. What can be the reason around it and how to understand it going ahead? Will there be some reversal, some arrest around that, that will be helpful.

**Vishal Salvi:** Thanks, Mihir, for that question. See, before I talk about the headwinds, I think what we wanted to share with you is based on our market intelligence and analysis, currently, we are a market leader in the consumer segment business in distribution. And from a customer base point of view, we are at a 33% market share. And from a revenue base, we are at 50% market share. So we are -- we continue to maintain our market-leading position as far as the consumer business is concerned and also a very premium product, which is basically a recognition of the quality that we provide in our solution. Now, what we are seeing is that, there are headwinds in this business, primarily because of free AV and also pre-bundled AV, which is shipped from overseas and as a result of that, there is a degrowth in the paid antivirus as far as India is concerned. We do believe that our degrowth is far, far lesser as compared to our competition. And we are continuing to come out with different strategies to see how we can overcome these headwinds and show the value that we bring to our customers. So that is really what we are seeing right now but we continue to remain invested in our distribution channel and invested in our partner network and have a renewed approach towards how we are going to approach it in FY '26. I hope that answers your question, Mihir.

**Mihir Manohar:** Understood. Second was on the IDRBT side and specifically this (Inaudible) with IDRBT. Just from a technical capability perspective, how do we compete on this particular side with other global giants, specifically the IDRBT? If you can throw some light around that, that would be helpful.

**Vishal Salvi:** Yes, I think specifically on the cyber threat intelligence product that we have launched, which we have won the deal with IDRBT, we have actually replaced a very globally competent competitor. And that shows that we are able to compete with our product in the market. And that product -- project is going quite well, and it is getting deployed across the top 100 banks in the country. So we are well positioned. Of course, that is primarily also because of the value of information that we collect through our sensors in our malware lab, which is actually powering the cyber threat intelligence. And it is encapsulated through the bundling of solution that we have created for IDRBT. So cyber threat intel or Seqrite cyber threat intel is a feed is a very potent feed, which we are now taking to the market, and we have got some pipeline created for that as well.

**Mihir Manohar:** Sure. So, I mean, why did the buyer thought of changing the existing vendor? I mean, was it because of incremental offerings or add-on offerings that our platform offers? Or was it the cost which was the driver? How to understand that?

**Vishal Salvi:** It is primarily the value addition that we bring on the table. It is not because -- it is not a cost arbitrage. We have not run it on cost.

**Mihir Manohar:** Understood. Sure. And just last question was on the new products getting launched. Also you made a comment that a good solid foundation has been laid in this particular financial year. So should we see some green shoots to be there in FY '26 material green shoots and how do you see that?

**Vishal Salvi:** Yes. So like we have said in that commentary, we are seeing a very improved mix -- product mix in our pipeline, which is improving. Like you have already seen that now in the enterprise segment is 40% of our overall business. But within that also, within enterprise, the new product mix is constantly growing, and that is coming from the way the pipeline has got generated. So we believe that we are already seeing green shoots because of the healthy pipeline and the mix that we are seeing. So you can expect that we should be able to translate that into a good performance for FY '26.

**Moderator:** Thank you. The next question is from the line of Aditya Sen from RoboCapital. Please go ahead.

**Aditya Sen:** Sir, I was asking that our research and development expenses as a percentage of revenue have decreased to 33% and earlier it was around 45% and it went to 61% at times. So is it going to settle around 33% for the next 2-year, FY '26 and FY '27?

**Vishal Salvi:** So we are constantly monitoring our R&D expenses. Like we mentioned last year was an extraordinary year, and we have also announced the investments that we will do for the Horizon-3 products. And now we can successfully say that most of those products have been launched as we had talked about them. And as a result of that, we have invested in the R&D expenditure for last year. This year, we are going to be focusing on how we can double down these products and get them to the market. And so, we might not be spending as much as we did because we did some extraordinary expenditure last year on the new products which we launched. So you might see either a similar spend or slightly lower spend in R&D coming to this financial year.

**Aditya Sen:** All right, sir. So these products are for the enterprise segment, right?

**Vishal Salvi:** Yes. These products are for the enterprise segment. But as we had mentioned, last year, we also launched AntiFraud.AI, which is actually our consumer segment. So that's a new category that we created for cybercrime, fighting cybercrime. And that product is also something which we launched. So, we will keep continuing and like I mentioned today, we are also launching a Freemium version of AntiFraud.AI this quarter, which will help us to reach out the core benefits of the product free of cost to customers. And then if they want, they can actually upgrade to premium for some special services. So that is our consumer product, which we created new.

But apart from that, everything else that we created new was for the enterprise segment. I hope, Aditya, that answers your question.

**Aditya Sen:** I was asking, is it possible for you to share how much incremental revenue can these new products bring in like 2, 3 years down the line?

**Vishal Salvi:** So we are not right now sharing that number. But as it stabilizes, just like we have been sharing about our business mix between our consumer and enterprise. In the near future, we will start sharing you a business mix between our core products and our new products.

**Moderator:** Thank you. The next question is from the line of Smeet Gala from Sicomoro Advisors.

**Smeet Gala:** Sir, 1 question regarding the AntiFraud.AI. Sir, since we have done heavy marketing in that and we have launched the product last year, any revenue flows which have started in the AntiFraud.AI in the consumer segment business?

**Vishal Salvi:** Yes. So, Smeet, actually, we have had around 3 lakh downloads till date -- in excess of 3 lakh downloads which have happened. And the revenues have also started occurring for AntiFraud.AI and we are tracking that now. And, of course, we are also getting some good feedback from customers in terms of what more features they would like to do. I'm also happy to share with you there are many examples and case studies of how we have prevented fraud from happening for those customers who are using it. So they're able to see value. And that's why that is encouraging us to now launch a premium version for AntiFraud.AI.

**Smeet Gala:** Got it, sir. So any revenue numbers in that which we can know or nothing as such for now?

**Vishal Salvi :** So we are not right now giving a bifurcated number by each product. But maybe in future, we will start doing that as well.

**Smeet Gala:** No problem. Got it, sir. Sir, another small question. So I just wanted to understand what is the usual margin for mature enterprise cybersecurity business somewhat similar to our kind or overseas?

**Ankit Maheshwari:** Sorry, Smeet, you are asking about margins for enterprise.

**Vishal Salvi:** For enterprise, yes.

**Smeet Gala:** In future, when our enterprise business matures, what would be the margin going forward probably for us or if there are any global competitors in this space, what the average margin in this space?

**Ankit Maheshwari:** So generally, in our case, I can tell you that we don't share these margins. But overall, for a mature business, the margins should be in the range of 30% to 50% depending upon what

services you are using and which product you are using. If it is an on-prem product, the margins are high. If it is a cloud product, the margins are lower because you have to incur the cloud cost to service it. But it is in the range of 30% to 50% when the product matures.

**Moderator:** Thank you. As there are no questions from the participants, I now hand the conference over to the management for closing comments.

**Vishal Salvi:** Thank you, Nupur, and thank you so much for joining us today, and have a good evening. Thank you. Bye now.

**Ankit Maheshwari:** 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 lines.