

**Quick Heal Technologies Limited**  
**Q2 FY24 Earnings Conference Call**  
**October 27, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to Quick Heal Technologies Limited Q2 FY24 Earnings Conference Call.

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 will now hand the conference over to Mr. Purvangi Jain from Valorem Advisors. Thank you and over to you maam.

**Purvangi Jain:** Good afternoon, everyone and a very warm welcome to you all. My name is Purvangi Jain 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 First Half of Financial Year 2024.

Before we begin, a quick cautionary statement. Some of the statements made 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 an 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. Kailash Katkar – Chairman and Managing Director, Mr. Sanjay Katkar – Joint Managing Director, Mr. Vishal Salvi - Chief Executive Officer, Mr. Ankit Maheshwari – Chief Financial Officer. Without any further delay, I request Mr. Kailash Katkar to give his opening remarks. Thank you and over to you, Sir.

**Kailash Katkar:** Thank you. Good evening and warm welcome everyone to our Quarterly Earning Conference Call.

We are the pioneer of cyber security in the country and work tirelessly towards achieving our vision of being trusted by our customers in securing the digital world and aiming to grow as a reputed global market leader in the cyber security industry. Q2 for this year is special in the journey of the company as we have onboarded Mr. Vishal Salvi as the Chief Executive Officer of the company. He is very well known in the cybersecurity industry and he is here to take care of the future strategy and direction of the company.

Now I request Mr. Sanjay Katkar to share a few thoughts on the industry.

**Sanjay Katkar:**

Good evening, everyone, and thank you very much. The world is transforming rapidly, and we are in the era of technological revolution. Constant technological advancements of the world come with inherent security risks, with enlarged attack surface. There has been a paradigm shift in attack techniques and volume due to the adoption of new technologies like AI, ML in recent times. So we are the proud owners of SEQRITE Labs, the largest in the country, which does grassroot research on the threat factors to protect our customers on a daily basis. I would now request Vishal to talk about the company strategies and performance.

**Vishal Salvi:**

Thank you so much Kailash and Sanjay, and good evening, everyone.

The cyber security market is deeply fragmented in organizations using more than 45 crores on an average and this adds to the huge complexity and operational challenges for the professionals and especially with the shortage of skilled manpower, it really adds fuel to the fire. So, we are deeply empathetic to these challenges faced by the chief information security officers when it comes to managing and then integrating all these multiple security products and hence you know innovation, simplification and building secure technology is very core of our purpose and the key mantras for solving these cyber security challenges for our customers. So, we take pride in being the India's only full stack enterprise cyber security platform provider through our brand called SEQRITE to offer integrated, modular, scalable, sentient, easy to deploy and easy to operate solutions. It has been a busy and exciting quarter personally for me and our business continues to evolve as we poured gradually towards a holistic cybersecurity player protecting the consumers as well as the enterprise business.

The enterprise business now represents 40% of our top line as compared to 20% in 2021. Our Enterprise segment has been growing at a CAGR of 21% over the last three years against the industry growth of 11%. We are the market leaders in the SMB security market in India and starting this year expanding our customer segment to mid and large segments. We have refined our go to market strategy in terms of adoption of platforms, architecture, focused on brand and marketing, building channel partners, ecosystem, addressing our target segments. We continue to participate and share our thought leadership in the cyber security domain across several forums and we have done multiple events to make sure that we are able to share our thought leadership and spread our brand message.

Our consumer business has started to regain momentum after facing headwinds in the recent past. We recently launched Quick Heal version 24 with groundbreaking and unique features like meta protect, a cloud based security management platform, revolutionizing the consumer cybersecurity experience. There is still a huge latent potential in the market as the penetration of AV in India is only 20%, whereas the global developed geographies like US and Europe have reached up to 50 percent.

So, we have focused our marketing efforts on consumer awareness in our region, in our country and trying to make sure that we are able to look at and tap that headroom that exists as far as our market is concerned. I am pleased by the progress that we have made in defining our strategic road map covering areas of growth, relevance, operational excellence, branding and lastly but more importantly, our people.

The team is well poised and focused on execution of the same and with this I would like to now invite Ankit to talk about our financials for the quarter. Thanks.

**Ankit Maheshwari:**

Thank you, Vishal and good evening, everyone.

The consolidated revenues for the quarter stood around 78 crores, which grew by more than 52% on a quarter-on-quarter basis. Our total expenditure remains flattish at around 65 crores in the quarter. As we operate with a high gross margin, the revenue growth has significantly flown into the bottom line. EBITDA for the quarter stood at 14% amounting to Rs 11 crores while PAT stood at 16% amounting to Rs. 13 crores. Coming out of a challenging and exceptional period starting H2 of the previous year, we believe a year-on-year comparison at this stage would not be the right metric of benchmarking performance.

On a half year basis, we got revenue of Rs, 130 crore and broke even at the PBT level. Our newly introduced products are gaining market collection, instilling confidence in us. We onboarded 82 enterprise clients for our new products in H1 FY24. We have also been able to generate good traction in the in the international markets like Africa and some parts of Europe in the quarter. Our continued investment in research and development supported by focused sales and marketing has yielded consistent growth in both our revenue and profitability.

One important update which I would like to bring to your notice is that we have completely written off our investments in L7 defense on a conservative basis where we are a minority investor. While the startup still continues and the operations is a going concern, we have taken this conscious call as we did not see a ramp-up in the company's performance as were the expectations. Our balance sheet is strong with cash and cash equivalents over 182 crores, and we are a zero-debt company. We are proud to have achieved a significant milestone of empowering over 50 lakh lives through our CSR initiative till date.

With this, I would like to open the call for question-and-answer session. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Chirag Kacharia from Ashika Institutional Equities. Please go ahead.

**Chirag Kacharia:** Hi Vishal couple of questions and in terms of strategy. So, I have a couple of questions to Vishal. So, as you joined and the Quick Heal is a quite old brand in industry and in India as well, so what strategy you are planning from next 3 to 5 perspective to navigate the growth because the industry itself is growing at a single digit antivirus protection itself and globally also the growth rate if we exclude the cyber security space is relatively in the single digit. So, what's the strategy is there and also you mentioned that we added around 82 or so enterprise client in first half of FY24. So, what's the strategy to navigate the enterprise vertical particularly going forward and how we are tapping the client and what's the broader thought process to at least going beyond 10% of CAGR going forward and also the strategy with respect to the margin expansion and our end is spend going forward. What would be the R&D spend as a percentage of revenue? There are so few product questions from my side.

**Vishal Salvi:** So, thank you. Thank you so much for your question Chirag and see when you look at in terms of our strategy, clearly as you mentioned we have a very strong heritage about the last three decades of working in this space and we want to really now amplify that value in the enterprise business which is the new pivot that we have been doing for last 5-6 years and so we do believe that, we will focus heavily on that pivot and therefore we have been, if you are tracking us you, you would see that we have been investing in building a cyber security stack across zero trust access control, data protection, EBT, MDR, XDR, EDR mobile security platforms, right and all of these solutions are already now been generally available in the market and we are now generating traction for those. So, clearly our strategy continues while we continue to have a leadership position as well as India is concerned on the B2C part. Our focus now is to see how we scale and start doing the same execution as far as their enterprise security is concerned. Now to do that, clearly we need to have a strategy for like I mentioned the five areas of growth, relevance, delivery, excellence, branding and people, all of those five areas we have a clear strategic road map in terms of what we want to execute and what we want to do in all of those and so we will continue to double down on our product road map and you will expect more teachers, more functionalities, modular integrated architectures in deployed as far as our product speed is concerned. Now apart from that one of the things that we are proud of is we've been having a very strong partner channel network as far as the B2C is concerned, we continually leverage that for the SMB business and micro business, and we want to now replicate that into the large enterprise in the mid-market. So, focus is going to be in terms of adding more channel partners and distributors for our business and then the third is about really the point that I talked about on branding and marketing and SEQRITE, which is our enterprise security brand, we want to make sure that it has the right mind share and recall and then usage as far as the market is concerned, so we are participating in multiple events, customer roadshows, advisory groups so that we are able to share with them exactly what we

do and how those solutions work and create that perception and understanding of where we are so that they are able to start using our product and lastly we do believe that we have a very strong differentiator because we are indigenously developed technology made in India and when it comes to something like cyber security technology, sovereignty of a country is very, very important. So, we already are there in national critical infrastructure protecting many organizations and you know like ISRO, and the forces and we want to make sure that we continue to be the good alternative of making India for our government business and so we see a huge potential for us to actually start playing in that way. So, that way we have a clear path which is defined for our go to market so that we can grow the enterprise business now and I think that answers also your specific question on enterprise vertical and so therefore you can expect that we will see a lot more investment happening in our sales organization, strengthening our sales motion and also building stronger and scalable and robust enterprise solutions to for that. Now on the margin expansion is concerned, see we are in the product business side. So, as we as you can see that we have actually been in a investment mode for last 3-4 years because you know delivering so many different solutions at a go is required significant investment and all of that we believe it's creating a strong platform and a foundation for our future growth and as we start seeing the top line, we believe that we would start seeing our margins improving because we do not expect the same level of investment continuing given that already the strong foundation has already been set. So, we believe that as the scale happens in the business, we will start seeing improved margins and like and the point or R&D we will continue to double down on R&D. We have an extremely talented team of people who are committed towards addressing the problem. I think we are extremely proud about the the SEQRITE lab that we have in India, which is I think one of the biggest largest malware lab in the country and we will continue to invest and create that value for our customers through them. But we will continue to invest in our R&D and solutions. You know, because this is like a constant thing that we have to do and keep on adding more and so we have a proper road map and quarterly release cycle which will continue to happen for our through our R&D for all our solutions.

**Chirag Kacharia**

Just one follow up question, which is we have enough liquidity on balance sheet. So, is there any plan to acquire entities or do M&A or stuff?

**Vishal Salvi:**

See, I think we are extremely happy to be in a situation where we are completely debt free, and we have cash in hand, and it is a good situation to be in and we want to like I mentioned about focusing on profitable growth. So, that we will keep on adding more cash to it and we will always be look out for something which is aligned with our strategy for growth and something which fits into our architecture approach and so we will continue to be open and look at where we want to do those investments and make sure that we have that available for us when the need arises. So, that is really how we are looking at it.

**Chirag Kacharia:**

Thank you all the very best.

**Moderator:** Thank you. The next question is from the line of Mihir from Carnelian Capital. Please go ahead.

**Mihir:** Thanks for giving me the opportunity. First of all, congratulations for joining the company, first of all for that and also very good results, I mean, that after the losses of three quarters, so I mean good to know that sir largely wanted to understand your strategy side, wanted to understand your enterprise strategy on 3 fronts. First is sales augmentation. What kind of sales augmentation are you looking at on the enterprise side? Market I know, how are you going to compete with players which are there on the mid-market and large market and turn on the international front is going to be the next specifically for enterprise. Just wanted to have understanding on that and my second question was on your new products and what products are ready and also **(Inaudible) 20:27.3** is coming to the picture **(Inaudible) 0:20:27.3** just tell me what kind of traction we are getting after the product setting market ready **(Inaudible) 0:20:36.8** that will be helpful. Yes. So, those are the questions.

**Vishal Salvi:** OK. Thank you. Thank you, Mihir. So, as far as our sales augmentation is concerned, see, we have been, through our work that has happened in the last 5-6 years, we have made a reasonable and a good progress as far as the small and medium sized business is concerned and making good entry in the micro business, but when we are looking at mid market and large enterprises, we obviously want to do a significant favor in terms of our sales motion and that would mean we would reorganize and rebuild and reenergize our sales organization and that's why you can expect that we will continue a more focused investment as far as building that team is concerned. So, of course, apart from that making sure that there is a product orientation training and empowering the team with the right talent and making sure that we have the right branding and marketing strategy coupled with that. So, that is really how we are looking at the sales augmentation apart from like I said onboarding new partners, distributors and getting them excited about our technology and getting them introduced to our technology. How do we compete in the market? See, we obviously know we like I said, we have a very good experience of being in this space for last three decades, very few cybersecurity organizations can claim to have survived so long and we have competed with the global players a lot of them have actually perished, but we continue to be #1 player in the B2C. So, we understand exactly what it takes to really compete. Of course, the terrain is different because enterprise security is a different terrain. So, while the craft is still the same, we have to navigate a different terrain and that is where we are making sure we have the right talent, right skills to be able to do that and compete with the best in the in the industry. We do believe that making India is a very big differentiator for us and that will obviously be something that we will double down on. The other big differentiator that we have is that we have a largest cyber security malware lab in the country and we have the complete leadership team of the country actually in locally present here and so the amount of empathy and the connected and the zero distance that we have between us and customers, it cannot be achieved by our competition because we are the only Indian cyber stack, full stack cyber security company in the country. Most of the others are our competition is actually from US or some other parts of the world. So, that way we can

differentiate and compete you know very well over there and as far as the international market is concerned, so we definitely have an already onboarded multiple partners through whom we are reaching out to certain geos. It is in, in, right now more of a tactical form and as we start making bigger traction on our enterprise security stack and start acquiring more customers and more business and as we scale, then we will have a much more expansion plan and investment plan as well as global markets is concerned. So, that is really how we are looking at international markets.

**Mihir:** Sure sir. That's really helpful and just some color around the traction of the new products most of our products getting ready, what is the sense that you are getting from clients on the products getting ready? And also, HawkkScan part of the piece given the DPDP which is going to come.

**Vishal Salvi:** Yes, so, so we obviously are in a very sweet spot because we were not sure when the DPDP bill was actually going to be action, but we actually had introduced HawkkScan much earlier to the DPDP Act, and so we are in a very sweet spot as far as that is concerned. Basically what HawkkScan does is data discovery and classification, which is a very fundamental requirement for you to be able to achieve the compliance for DPDP. Now we have caught a very significant traction in terms of needs and interest coming up to evaluate our technology. We also have signed up certain partners with whom we are going and helping organizations look at their DPDP compliance. We do believe that once DPDP becomes more tangible enforcement plan and once the Government of India announces that, I think then the seriousness and the real traction will happen much faster. But I think the good thing about just not HawkkScan that all our new solution is that we are getting some very good feedback in terms of what customers are really liking and what they would like us to do more and so all of that feedback is going back to our R&D team to see how we can actually start quickly addressing those requirements and those expectations from our customer. So, I would say that still early days as far as these new solutions are concerned and I think we are doing the right thing in terms of making sure that we do not hate them beyond where they are in terms of their maturity and we want to make sure there is a very stable execution of these technologies so that they are able to give the right stack to our customers. So, you can expect gradual growth and then eventually the scale coming up in future.

**Mihir:** Sure, sure. Yes, that's it from my side. Yes. Thank you very much, Sir. Thank you very much for that.

**Moderator:** Thank you. The next question is from the line Abhishek Bhandari from Nomura. Please go ahead.

**Abhishek Bhandari:** Thank you, Sir. Sir I have two questions. My question on enterprise has been answered very nicely. Thank you for that. The first one is consumer business is the bedrock of the company the cash cow and it has gone through a turmoil phase for last two quarters. What have you

learned from that experience like where exactly happened or was it more external than internal and what kind of changes you think needs to be made to the awareness program adoption program to get it back on the growth path and the second question related to it is, you also spoke at some forums around expansion of your consumer business into overseas market. Could elaborate what kind of partnerships you are looking at, what kind of distribution models you are looking at and you know what kind of scale you think it can bring to you when you go to markets very similar to India, maybe Africa or Middle East. Thank you Sir.

**Vishal Salvi:**

So, thank you for that question, I think the consumer the headwinds that we have seen so far on the consumer market have been largely external factors. We have seen the growth in the adoption of PC market where the statistics are there for you to see and also that has created a impact and degrowth to overall antivirus consumer business. Obviously, there are a lot of lessons learned from that and we have a very strong distribution network and a very strong retail sales organization and so we have kind of, the lessons that we have learned, we have kind of applied that to look at in terms of how we can become innovative in terms of our strategy to reach out to our consumers and so we have developed different strategies around that and there is an execution which is happening to that which is resulting in the revival that we talked about and something that you can see in this quarter's performance. So, we will obviously continue to double down on those strategies and continue to execute that. See the other thing which we are extremely proud of is that we have launched our flagship AV 24 version where we went and engaged with all our dealer network throughout the country and we continue to engage them and talk to them about all the new cool features, innovative features like meta protect, which is on cloud, which helps you to manage multiple instances of your personal AV on a single place and single instance, right similarly we introduced features like YouTube control which are again something which not many competitions are providing. So, we have added lot of these new features including seamless upgrade features and you know seamless user experience. So, we believe that that are our game changers, including for example, secure scoring, we do security scoring, we do privacy scoring so we can measure the performance of your computer against malware and against the privacy requirements. So, all of these are empowering our customers and hopefully that will actually generate a lot more traction and help us to grow inside. But apart from that, we will continue to be more innovative and add more features and functionalities and solutions on the B2C side, so we do believe that by doing all of this, we would be able to tap that potential that exists beyond the 20% that has reached in the country right now and we do believe that that will happen. We are continuing to explore opportunities as well as our global market for the B2C segment, we will continue to see where all it would make sense for us to be operating there and on board some of the channel partners for us to go and be present there. So, that is something which we never rule out. We will continue to explore and continue to expand.

**Abhishek Bhandari:**

Thank you sir and all the best.

**Moderator:**

Thank you. The next question is from the line of Aditya Sein from RoboCapital. Please go ahead.



**Aditya Sein:** Hi, thank you for the opportunity and congratulations on this number and my question is also related to this the revenue jump that we see in Q2 this quarter is it primarily because of the new product that we launched or is it a mix of all the existing products including enterprise and retail segment.

**Vishal Salvi:** So, it is the latter Aditya because see that is the beauty of our business that we have a very nice product mix including B2B and B2C, right. So, it actually poises us very well into the market where each one will feed the other and also, we will continue to work on all areas. So, it is not one over the other, but it is actually the combined effort of all which is why we have demonstrated this quarter's results here.

**Aditya Sein:** Alright, so obviously this should be sustainable in the coming quarters and also as you replied to the previous participant that you will double down on research and development expenses. So, is it on absolute terms around how many crores it should be? Should it be around 30-35 crores per quarter, or will it increase going forward?

**Vishal Salvi:** See, we never share these details publicly, but I think see there is already a standard model that has evolved as far as how do we do our sales, our R&D expenses and our general expenses right, I think we will continue to watch on those areas. We feel very comfortable with the kind of investments that we are doing on R&D right now. As I mentioned in the call earlier that we would be investing more on our sales organization so that we are able to do a proper pivot and transition, but I think we feel very comfortable right now in terms of the amount of investments that we have done so far, but like I said, we will continue that investment as far as our R&D is concerned. So, we are not letting it drop and we will keep on adding and so our road maps are going to be busy, and we are features and releases will continue to be busy.

**Aditya Sen:** Understood so accordingly, will we be able to reach the previous high levels of EBITDA of around 30-35% range?

**Vishal Salvi:** See, we will not be able to right now give you guidance on for absolute numbers, but our focus is very clear that we want to focus on growth but profitable growth, OK. So, we will continue to focus on both the areas, and we are looking at an extremely long-term view on these points are concerned. So, everything that we are doing is all long term basis.

**Aditya Sein:** Yes, that is completely evident because of the research and development that we have been doing since past one, one and a half two years. So, we are also expecting the fruits. Alright then that was my question. Thank you.

**Moderator:** Thank you. The next question is from the line of Harshal Kothari from RV investments. Please go ahead.

**Harshal Kothari:** Hello. So, my question was regarding the debtor days that it has been on a rise and it is around 161 days. So, is there any guidance that it will be increasing to coming to 190 days or it will be around those days?

**Ankit Maheshwari:** So, hi Ankit this side, we have continuously focused on higher collections in last three, four quarters. We believe that this number will further go down and we have the right trajectory.

**Harshal Kothari:** OK and my second question is on the basis of the article, which was released about the Israel, the 12.55 crore loss which was removed and it was transferred to OCR. So, will that be ever going to be affected on the balance sheet and in the P&L or it will stay?

**Ankit Maheshwari:** So, L7 Defense was not able to do break even for last two quarters and they were facing severe liquidity crunch. The current geopolitical condition in Israel further caused uncertainty on the future operations of L7. Considering the financial position, liquidity position, market condition, we believe that the value of investment should be taken to nil. Having said that, this is a conservative stand. The company is still a going concern. They are doing their operations and hopefully in the quarters to come once things settle down, we will see where we are right back settling, but it is early days, so we will wait for some indications. As I said earlier, the company has not done as per our expectation. So, we have taken a right off.

**Harshal Kothari:** OK. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Mihir from Carnelian Capital. Please go ahead.

**Mihir:** Thanks for giving the followup. Sorry, there is an agreement arrangement which we have made with Tata Teleservices. If you can throw some light as to what is this arrangement exactly and what quantum of benefits it will give to us, what are we going to, what is this going to change, what is going to provide some color around that? The second question was on the 82 customers. Actually, wanted to understand what the Tata Teleservices. I mean, we have entered into arrangement with Tata Teleservices. So, what is the scope exactly that Tata Teleservices going to do for us? Some color around that and what kind of potential business can we look from this particular arrangement? That was my first question. Second was on the fact that we onboarded 82 customers on the enterprise side this quarter, I understand it is difficult, but what can be the potential revenue from this 82 customers that was the second question and just the third question that I completely understand that one should not see this business on quarter to quarter basis, but however for this particular quarter, the growth rate for the enterprise segment is 9% on the YoY basis whereas we used to have 20% kind of growth. So, I mean should even see acceleration from here on. Just pick something around that. Yes. So, this was the question.

**Vishal Salvi:** Yes. So, thank you for that question. See, I think we, like I mentioned, right, we have a very clear strategy on building partnership with SIs, with distributors and with channel partners and

one of that is the partnership that we have announced with Tata Teleservices. So, the idea is really to this business model, one of the go to market is about these partnerships and working with the partners to go together and so the objective is that I will not be able to share with you specifics on how much revenue we are going to generate only from this partnership, but this is obviously a very core part of our growth strategy, right and we are talking to many more partners and Sis so that we can actually work with them to reach out to our customers. As far as the 82 customers are concerned, like I said, right, our current mix is between we are 40% enterprise business vis-a-vis it being 20% in FY21. So, clearly, we have demonstrated a good growth and a good mix between our consumer and enterprise in the last 2 years. So, we do believe that the rate of growth that is going to be there in enterprise is far-far higher and we can reach a lot more customers over there and that is why you can expect that that this percentage will keep on improving and getting better when it comes to the two ratios, yes, we had a sort of a sluggish growth as far as this quarter is concerned. But I think we will and like I said, right, our enterprise strategy is more long term and we do believe that it will start bearing fruits as we have seen in this market, but we are right now in a very early stages of the release of all our solutions and so we want to make sure we consolidate, we establish foothold we are able to you know seek feedback from our customers, make sure those are implemented in our releases and cycles, make our solutions covered and then you know release and then scale. So, we will have to wait and see exactly when we will start seeing that, but we do, we are confident that we do believe that we are in the right direction on that.

**Mihir:** Sure sir. This is really helpful. Thank you very much and best of luck for the future.

**Moderator:** Thank you. The next question is from the line of Harshal Kothari from RV investments. Please go ahead.

**Harshal Kothari:** So, my question was a follow up question on the previous participant's question, the product which you mentioned that it will be it is 39% right now on the enterprise and the rest is on retail so what is the future regarding that, are we going to increase more enterprise and if yes, then how much?

**Vishal Salvi:** So, thanks for that question, Harshal. Yes, we do believe that the enterprise pie will continue to grow, and it will continue to increase because we do believe that overall as a market, the enterprise security market is growing much faster than the consumer security market. So, we will not be able to specify to you exactly what numbers we will achieve by then, but we are going to share with you that we have achieved in the last quarters and last years. So, that will give you indication of how the trajectory has been.

**Harshal Kothari:** OK. Thank you and I was asking what are the margins for the enterprise looking like what are we looking at?

**Ankit Maheshwari:** So, we do not segregate both the segments separately. Currently the margins which have been shown are the combined margins and we will not be able to disclose that. At the same time, our consumer business is more profitable as it is the older business, so does this help?

**Harshal Kothari:** OK Thank you so much.

**Moderator:** Thank you. The next question is from the line of NGN Puranik from Enam Holdings. Please go ahead.

**NGN Puranik:** Hi Vishal. Nice to see you in the office of challenge coming straight from Infosys. I want to understand from you from your enterprise background especially companies like Infosys and your consulting background. So, you have seen lot of these large global corporations, global enterprises. How do they manage security, you have designed security systems for them, you partnered with a lot of enterprise security guys and build large solutions, and these were lot of it is international and Quick Heal is a market bizarre, is a branded trusted name in the retail devices market in India and they have built a decent enterprise practice. So, if you want to really build enterprise practice of scale, so what do you need to do, how do you sell services in India because Indian market generally hesitant to we want everything free, especially when it comes to a product. How do you do that and are you going to focus a lot more on the international market and how do you design your service offering in the first place?

**Vishal Salvi:** See, I think see, I have been in the Indian market for almost 3 decades and I have been an Indian buyer and I have never expected any product to be free of cost, right. I do believe that for everything that any good thing that you want to use, you will always have to pay some value for you to get it. So, I do believe that the Indian buyer is reasonable, but I believe that as India becomes more affluent, as India becomes more larger and have affluence more not just in terms of digital adoption, but also in terms of growth as a country, we will have a more and bigger maturity coming in from Indian buyers to pay the right value for the technology and products that they acquire. So, we do believe that while today also it is reasonable it will get more and more mature as it grows in its ambition. So, we do believe that there is a huge opportunity in the market for a company like that. Because there would be a lot of startups, lot of new companies coming up and lot of them are digital, are digitally enabled organization and they will definitely require a fabric of security to protect their digital ambitions. So, I think that is really how we see it. But you know, we are not going to stop there. As I said, we do have our global ambitions and our ambition is to become a significant prominent player in the global markets as well and we have a clear strategy in terms of when and how we are going to reach there.

**NGN Puranik:** So, you think the deals in India's Service Security deals in India are profitable deals, most companies are making enough profit from both product and services combined.

**Vishal Salvi:** Yes, I think I think see primarily we are the product company and you know clearly my anticipation and observation so far is that every product company will always be profitable in any market, I think it is the services part where you can have certain deals which are not as profitable because it is so purely people based and it is very subjective in terms of quality of work, but when it comes to product, it is black and white, right? It is either deploy or not deployed. It is a pot or not pot. So, we do believe that it is definitely profitable and our experience so far in the Indian market has been that, I mean we are only here for profitable growth, right? So, we are very clear that we will not pick up any deals that are not profitable.

**NGN Puranik:** But is there is there a focused education program because you talked about cyber security malware and all that, that looks like a very interesting opportunity. How do you sell some of these to Indian enterprises?

**Vishal Salvi:** I think see, you are right Puranik because the SEQRITE Labs that we have, I think we need to amplify that message and we want to reach out and talk about that in a much profound manner and spread that message to the Indian CISOs and CIOs and like I mentioned in my opening comment, we have already started doing that, right? We have started fast filling the events, we started doing roadshows, we started hosting prominent clients into our facility and showing them exactly what our teams are doing and what we are thinking. So, we have a clear plan and outreach right now in terms of how we are going ahead and actually spreading that awareness as far as what we do and what we have to offer.

**NGN Puranik:** Are you equally comfortable dealing with Indian enterprises as compared to international enterprises?

**Vishal Salvi:** Yes, absolutely. That is what I mentioned, right

**NGN Puranik:** They will appreciate the value proposition and they are willing to pay a price that maturity has come in net or it has led to travel a lot more.

**Vishal Salvi:** No, I think I think they're already there and I think we are confident and we have already experiencing that right we have you know the kind of like I said that we already have a good book of business from enterprises and we do not see any concerns there.

**NGN Puranik:** So, how do you get a million-dollar deal in India?

**Vishal Salvi:** I mean there are various strategies that you would have when you look at your sales motion.

**NGN Puranik:** Interesting. Another question I have is about AI. How deeply you are using AI in both in product development, so how is it already in use and also in the malware, are you using AI? How is it helping in terms of improving product development productivity.

**Vishal Salvi:** So, we have our solution called GoDeep.AI and see in the business that we are in we cannot survive without the use of automation, ML and AI and so we have been early adopters of this technology right from the beginning. Because the scale at which the malwares have increased, we would not have been able to manage it without behavioral detection and automated detection and you know, generating vaccines to protect computers against that so we have been having this tag for many years. We continue to invest in data science teams and data models and powering our different security solutions in Stack and we keep a watch on how we are adding more and more models so that we can adopt AI in all our technologies, so, so we have a clear plan and path in terms of how we are going to adopt AI into our stack

**NGN Puranik:** So, when will you start looking at the international market? At what stage?

**Moderator:** Sorry to interrupt Mr. Puranik, may we request that you return to the question queue, please.

**NGN Puranik:** Yes, sure.

**Moderator:** Thank you, Sir. The next question is on the line of Harshil Kothari from RV Investment. Please go ahead.

**Harshil Kothari:** Hello. Yes. So, my question is on the basis of dividend and buyback. So, the company has a very rich dividend and buyback policy. So, is the company going to continue on those lines or is it going to take a back seat for a while till the company actually gives good profit and becomes a growth making money.

**Vishal Salvi:** Thanks, Harshil. So, as of now, there are no plans for buyback and an appropriate time we will let our investors know with respect to dividend, we have our standard dividend policy which is there on our website as well and in the past year also just want to add that if you have noticed there were not significant profits but still, we have given the dividend, we will continue with our dividend policy.

**Harshil Kothari:** OK. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, that is the last question. I now have the conference over to the management of Quick Heal Technologies Limited for closing comments over to you sir.

**Vishal Salvi:** Thank you all for participating in this Earnings Concall. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our investor relations managers at Valorem Advisors. Thank you and stay safe.

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