

**Quick Heal Technologies
Earnings Conference Call
July 22, 2022**

Moderator: Ladies and gentlemen, Good day and welcome to the Quick Heal Technologies Limited Q1 FY23 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 “*” and then “0” on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Sir.

Anuj Sonpal: Thank you. Good afternoon everyone and a very warm welcome to you all. My name is Anuj Sonpal 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 conference call for the first quarter of financial year 2023. Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's conference call maybe 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 earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Now let me introduce you to the management participating with us in today's earnings call and then I will hand it over to them for opening remarks. We firstly have with Mr. Kailash Katkar – Managing Director and CEO, Mr. Sanjay Katkar – Joint Managing Director and CTO, Mr. Navin Sharma – Chief Financial Officer. Without much delay, I request Mr. Kailash Katkar to start with his opening remarks. Thank you and over to you, Sir.

Kailash Katkar: Hey, thank you Anuj. Good afternoon ladies and gentlemen. Thank you for making the time to join us today for the companies earning conference call for the first quarter of this financial year. We as Quick Heal are pioneer in India in cyber security space providing simple but effective solution for our customers' complex cyber security problems. We are the undisputed market leader in the consumer segment in India, which constitutes around two third of our overall revenue. This is a cash cow segment and has been flattish for us due to stagnant market for the past few years. The stagnant market can be attributed to a lot of factors, including but not limited to, lack of customer awareness, lower growth rate of PC inventory and pricing pressure due to competition. Having said that, the global antivirus consumer market is likely to grow at around 4%, whereas India market is likely to grow at around 1%. We are already a market leader in this space and will continue to maintain our stronghold. Coming on to the enterprise segment, we are excited about growth since last few years and has already become one third of our overall business. We have made a strong foray in this space which is 20 times larger than the consumer segment and growing at 11%. We have set-up a strong customer base in the SMB segments in India through years of sales and marketing effort, enabling us to grow at four times from industry. With the new and upcoming products

release and our shift towards larger enterprise, the future looks far more promising. Our newly launched Zero Trust product has been able to garner traction and acquire first customer in this quarter, which further solidifies our belief. In this quarter, Q1 our R&D expenses have increased by around 39% year on year. Our investment into this space are already bearing fruit and is visible from our Q1 results, wherein the enterprise business grew by around 50% over the same period in the previous financial year. In the last quarter we have onboarded couple of industrial experts in the R&D and marketing function, namely Ashish Pradhan as a Chief Technology Officer and Sudhanshu Tripathi as a VP and head of marketing, both of whom come with a significant experience in their domains. We also began our engagement with one of the top three global consultancy company to fruitify a long term strategy growth plan. Now I request Sanjay to take over through the technology update on current development product, over to you Sanjay.

Sanjay Katkar: Thank you, Kailash. Good afternoon everyone. Let me give you some more insight into the business segment performance of our company. As Kailash mentioned in Q1 of FY23, our enterprise business showed a strong year on year growth of around 50% to reach approximately 22 crores. We have a very strong presence in the SMB segment and are gradually moving towards larger enterprise and have added 36 customers with greater than 500 endpoints in this quarter, the growth has been primarily coming through our EPS product and we are well set with our newly released products and future road map. I would like to take this opportunity to talk about our product road map and strategy for the enterprise segment. The product lines are broadly bucketed into 3 categories, endpoint security, zero trust, and data privacy, so our endpoint security product falls under the endpoint categories which we are moving towards EDR and XDR for adding detection and response capabilities through automation, AI and ML

from erstwhile protection. We had launched our first version of EDR last year and have got our early customers. We are seeing good enough demand for this product getting generated in market. So the world including developed markets like USA is currently adopting the Zero Trust framework in their architecture to prevent cyber-attacks. So our next chain Zero Trust User access and network access products are our solution for latching on this train. We had launched user access early this year and have on boarded our first customer in zero trust user access segment this quarter. The government across countries are adopting data privacy regulations like GDPR in EU and 71% of the countries worldwide have some form of data protection and privacy legislations privilege. So we have launched our product early this year to help companies protect the PII data within their data base. So we are establishing product market fit for all these products, which typically takes around 4 to 6 quarters, and you can expect revenues to flow in from H1 of FY24. I would now request Navin to take you through the financial overview. Over to you Navin.

Navin Sharma: Thank you, Sanjay and hello everyone, let me take you through the financial highlights for the first quarter of FY23. The consolidated revenues stood at rupees 61 crores, which represents a growth of around 11.5% on a YOY basis. I would like to reiterate the fact that our business has seasonality across quarters where our Q1 revenues are generally lower. On a segment basis, the revenue from consumer segment remains flattish at 41 crores and the enterprise business grew by roughly 50% to reach 22 crores on a YOY basis. This is similar to how we have been doing the business to perform going forward. That is consumer segment to remain flattish or modest growth and enterprise business growing rapidly. The Enterprise segment has already become one third of the business and we are looking forward to make the mix 50-50. R&D investments for the quarters stood at 46% of revenues, while the sales and marketing stood at

around 30%. EBITDA margin for the quarter stood at 1.72% and reason for declining EBITDA margins were primarily due to the increased investment in R&D and sales and marketing. Also reiterating the fact that the revenues are seasonal whereas the costs are not. We have increased our R&D effort to cater to the bright opportunities of the market. As Sanjay detailed out in his commentary. In Q1 FY23 sales and marketing expenses were higher by 9% on YOY basis at a consolidated level across the two verticals, which we believe will show results in the ensuing quarters in terms of revenue growth. The net profit stood at about Rupees 0.2 crores. We are committed to driving shareholder value by growing profitably across both of our segments and driving solid unlevered cash flow. We have constantly rewarded our shareholders through buybacks and dividend distribution programs and have returned rupees 436 crores towards shareholders since FY20. And in addition to this we have proposed further buyback of rupees 150 crores. With this I would like to open the call for 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 Vivek Ganguly from Nine Rivers Capital. Please go ahead.

Vivek Ganguly: One quick question on the buyback, would the promoters be also participating in the buyback.

Navin Sharma: Yes, promoter would be participated and they would be participating proportionately. Basics the numbers the promoters have communicate means broadly, 36.4 lakh equity shares out of this, 50 lakh shares would be promoter's participation which is the proportionate number.

Vivek Ganguly: And I had another question on the enterprise business. So in the presentation you all have mentioned the Seqrite HawkkEye, HawkkProtect

a couple of presentations earlier we had two products that were highlighted there and during this communication you had mentioned that what you're launching now it'll start earning revenue or it will gain traction about three to five quarters down the line. And while we already have about a run rate of about, let's say 80-90 crores of enterprise revenue already flowing in, so what is the differential that we are in alluding to that we as investors are not getting it? That this, the Seqrite Hawkk products, Seqrite Hunt these would be the new Gen product that you're launching. But are these already garnering revenue or these will garner revenue for you all going forward? And if so then what is the differential between the current contours of the current enterprise revenue that you will have from the product from a product perspective and the one that will be your future revenue drivers.

Sanjay Katkar: So to answer that, see you rightly mentioned we have been mentioning about these products. And investor presentation does have the list of the new products that we launched. The current enterprise revenue that we are seeing are coming from our existing business as usual products, which is like endpoint security and firewall and EMM, which is an enterprise mobility management. But in most particularly the things the revenues are coming from endpoint security as such. So that's our stronghold and our market segment which we target, which is SMB. The EPS product is quite ready and competing with any of the MNCs in this category. With the launch of HawkkHunt which is EDR and then further we are extending it to XDR and the other products like ZTUA. All these products are for the newer market that are getting generated. Is getting created because of the new way people are thinking about implementing security and we want to be addressing those markets as well. So that's where our investment into these products. And these products 1.0 have been already launched and these are in the beta. I mean to say pilot testing

with a lot of organizations wherein we'll get the feedback, we'll customize it further, make it market fit ready. So that's where we say it's going to take four to five quarters further to start generating revenue out of that. So those are the new products which has a different and additional revenue potential which will add up to our enterprise revenue.

Kailash Katkar: So just to add to that, this is not something which is going to replace the existing Enterprise Products. Even those products are equally needed by the same customer and this zero trust will be additional product solutions for the customer.

Vivek Ganguly: So these products that we have mentioned with Seqrite products will be over and above the endpoint product revenue line that you all have now you all right.

Kailash Katkar: Yes.

Vivek Ganguly: Would you all be able to take us through we are pretty layman investors we don't understand the technicalities of this space too much. But if you can take us and help us understand what each of these HawkEye, HawkHunt what is the role that they perform in the cyber security ecosystem each of them that will be very helpful because that is what we have been like struggling to understand while this enterprise is as you say, is the future bread and butter with the retail being flattish or on a flattish at best. So if you could help us understand that, then it would make us take a much more informed investment decision.

Sanjay Katkar: Right, so see the EPS, which is for business as usual for us is about endpoint security. But now the endpoint security is not the enough security which is coming up because of the new threat landscape. So we've started working on this new product so HawkHunt is about endpoint detection and

response so EDR is a short form and EDR is about protecting the network from most much advance rate, giving control to the user to check the telemetry when we go through the sensor telemetry and take the decision so it's more towards protecting from advanced threats like a PT's advanced. Persistent attacks that are happening nowadays actually and the ZTUA product is all about zero trust user access, which gives an additional layer of protection from making sure then when any of the organizations any of the users, whoever is connected to the network and not only users, it's going to be devices, all these are like going to change to a new platform which is zero trust wherein no devices or no user will be trusted every time the user will be authenticated and allowed into the network. So that kind of security is a much advanced security needed for larger enterprises to handle the advanced threats that we see nowadays so ZTUA is an additional layer which is recommended by most of the like companies like Gartner and all recommend it to all the large enterprises to get protected from the advanced threat and the third product that we have coming up is in the data privacy segment where newer data privacy laws which are going to come and in certain countries it is already implemented. There are lot of compliance is that enterprises need to follow and these compliances need lot of tools which we bring in like for the product that we launched, which is HawkkScan it scans all the data at the user end and classifies them into different buckets and gives easy control for user to take further decisions. So all this is like the markets are getting ready for these kind of products and we are making sure that we have products in all these of the segments so that we will be able to grab certain share of the market. So if you see focused market potential in these categories is around 700 million (current market size), globally, I'm talking about and so. This I'm talking about to reach 1.9 Billion roughly by FY27.

So in next five years and that's where we want to grab some market share out of these products as we launch and stabilize this code section.

Vivek Ganguly: You mentioned about HawkEye and HawkProtect, what about HawkHunt and HawkScan.

Sanjay Katkar: No, I mentioned about HawkHunt and HawkScan. So EDR is HawkHunt, data privacy is HawkScan and HawkEye is a centralized dashboard for us, which is a demand coming from all the I mean enterprises, where in all these products when the customers implement, they want everything to be on a single dashboard or single pane of glass. Where they can control all the applications on one single dashboard so that HawkEye is a platform where all these products get logged in and the user gets centralized control over that. So that's again a good demand that is coming and we have a launched HawkEye which has now integrated EPS, EDR and HawkScan as well and very soon HawkProtect so all these products will be a part of HawkEye and HawkEye is going to be a centralized dashboard for the control for any source that they will managing their infrastructure

Vivek Ganguly: And what does HawkProtect do.

Sanjay Katkar: HawkProtect is a zero trust user access actually, so that's what I said, ZTUA.

Moderator: Thank you. The next question is from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: I just have a small question regarding the share buyback. So could you just share some more details about the buyback like the buyback price and when it is expected?

Navin Sharma: So broadly, the offer size is a 150 crore and the buyback is proposed at ₹300 per share, which translates into 50 lakh shares which is broadly 8.6% of total paid up capital. We are going through tender route and timelines etc., while there are means SEBI etc. comes into play. But broadly we expect the Buyback to get concluded in three and a half to four months.

Moderator: Thank you. The next question is from the line of Keshav Garg from CCIPL, please go ahead.

Keshav Garg: Thank you very much for the generous buyback, Sir but the only thing is that we are giving a unrealistic price of ₹300 for the whole idea is that since our PAT is flat since FY18 at around 83 crores, but still due to your buybacks our EPS has increased from 11.8 to 14.34. So since our CMP was around ₹200, we could have done a buy back at ₹250 and instead of 50 lakh shares we could have bought an extinguished 60 lacks shares. So basically our EPS would have increased further, whereas the shareholders would have got the same 150 crores. So in future kindly keep that in mind and if it is possible to revise the buyback price then please do so and also we are unnecessarily paying 30% dividend and if we can just pay a token dividend then we can do more buy back. So you can kindly consider that suggestion and also wanted to understand Sir going forward for this financial year FY23 what is the expectation, will we be able to pass 140 crore EBITDA that we did in FY21 because I understand that there was some spillover that year from the previous year.

Navin Sharma: So as I understood, you have two things. One was a larger suggestion with respect to buyback and dividend. So probably board has taken lot of considerations, lot of factors etc. were considered by board and they come to that number, but nevertheless we will keep it in mind in during next transaction if the board approves any buyback in future. Second with

respect to EBITDA, see larger part is revenue growth. What we are factoring and we have been communicating even in past and similar. We are communicating again this time that retail business which is broadly 2/3 of our business. Globally this business, the retail segment is growing at 4% and in India. This growth in retail segment is barely 1%. So broadly with this, our expectation for full year to remain in similar range. What India or global numbers are enterprise business is business which is growing at a faster rate. Globally it is growing at 11% and we expect to grow better than global numbers and this is how we perform in last year. And similarly we believe that and even the same performance was there in quarter one as well. With respect to EBITDA, it would be difficult to comment on EBITDA number, largely because we are investing heavily on R&D and sales and marketing for our retail business and R&D, primarily for our enterprise business and you know that entire IT industry is facing a cost escalation and we are no different from that. So what we are targeting is reasonable growth in revenue and to the extent possible, we'll keep optimizing our cost to have a better bottom line.

Keshav Garg : And also basically whatever R&D we are doing, we are debiting it from the P&L so do we have any Capex plans or whatever R&D we are doing that is basically our Capex.

Navin Sharma: Capex is limited, is very limited number means in our large scheme of things Capex is insignificant. R&D is our major investment which happens.

Keshav Garg : And also wanted to understand that we are paying normal tax rate. I think that for R&D we get some income tax deduction, so our tax rate should be lower than normal since we are spending so much on R&D

Navin Sharma: No, the tax benefit R&D was available 3-4 years ago in last 3-4 years that deduction and 35-280 was abolished and it says there is no tax benefit for R&D.

Keshav Garg : OK Sir, and Sir lastly wanted to understand so that post COVID there was huge increase in sale of IT product like PC and laptop etc. Sir around 50% increase in sales. So how is it not reflecting in our revenues? I mean on the retail side because I mean if more people are buying IT equipment and in one call you did mention that for the first six months the equipment comes with free antivirus. So now that those six months are over so now people should be purchasing antivirus software.

Navin Sharma: Lack of consumer awareness is the biggest issue in India. Broadly, 20% to 25% laptops are only covered through antivirus. While this is a big opportunity for us, the moment this 20%-25% improves to 45%-50% or even it's a higher the way it is in developed countries. It provides a larger window opportunity, but as of now this consumer awareness is very low. More particularly in India. So while we are working to improve it the way to improve this will help us increasing our revenue as well.

Moderator: Thank you. The next question is from the line of Jatinder Agarwal, an individual investor. Please go ahead.

Jatinder Agarwal: I have two questions the first is a data point for the next question is related to it. So if you look at your last year revenue, how much of your revenues came from outside India and within that what is happening globally in terms of recent geopolitical events, specifically with Russia and Ukraine, is there anything you would like to share your thoughts in terms of how the macro environment for your business changes. For the product that you send overseas. And my second question is related to the Government of India. My understanding of technology is very weak, so if you could just

explain correctly regulations which are upcoming and how does that impact our business for the enterprise business within India? So these are the questions, thank you.

Navin Sharma: We could not hear your question question no 2 so you would like to repeat it, but with respect to our revenue, we are currently we are India focused, India Centric company. More than 95% of our revenue comes from India. For say with this Russia Ukraine war. As of now it has not impacted us. Probably when we decide to go global it then we will see that what could be consequence, repercussions of these things. This is answer for question number one. If you can repeat your question no 2.

Jatinder Agarwal: My second question is related to some news articles which I have read where the Government of India is coming out with some new cyber security regulations that are to be implemented by end of September, is what I understand. So what are those regulations basically? Because it says that it impacts large corporates and mid corporates together in terms of data privacy or whatever. Is there something that you would like to share so as to better understand what are those regulations and how does it impact our business?

Sanjay Katkar: So I mean it's the data privacy regulation is in discussions in Indian government since at least more than a year now we are hoping that it should come by next September, but it's like it has been delayed a lot. But if those the data protection regulations is just like if you see in, it's just like GDPR in EU actually European Union. So once these data privacy laws are into effect enterprises will have to work towards protecting the data that they are collecting, especially the PII data that they collect from their customers or vendors. And that's where it will become more stringent. We'll have to protect the data at the same time they will be held

responsible, liable for any kind of data breach that happens and prefix debt on the repercussions of those breach actually, so that will at least bring in further awareness among the enterprises and they will have to spend on the data protection related products. So our data privacy. I mean our product that will be helpful in. This will be about the HawkkScan, which is all about data scanning, classification and applying policies and rules around that actually.

Moderator: Thank you, the next question is from the line of Dhairy Visaria, an individual investor. Please go ahead.

Dhairy Visaria: So I am new to the company so please excuse me if I ask some basic questions. So the first question which I have is the retail business growth has been flat year on year and almost half quarter on quarter, so from your commentary understand the focus is low on this vertical but can you explain what was the industry growth during this same period and are we losing market share to appears if and if so, can you name some of these peers? And lastly, the sales and the marketing expense has increased significantly. Then why is the growth still slow?

Navin Sharma: With respect to your question on retail, could see that globally the consumer industry is growing at 4%. In India the growth is literally flatish. It's barely at 1%. If you compare it with our last 2-3 years performance, we have grown at lower single digit as compared to a 1% growth in India. This is part number one with respect to our growth in sales, see larger expense on these sales and marketing. So we are looking to focus towards the digital mode for increasing demand and broadening the pipeline and leads through digital channel. We are also looking forward to optimize our digital presence through a search engine optimization and marketing, but these are long term investment and it would be not right to expect results on

immediate basis and probably because our investment in sales and marketing was the only factor which has helped us in growing up the retail business in last 2-3 years as compared to flat market.

Sanjay Katkar: And to add to that I'll say we are not like only focus on enterprise. The focus is on both. Only thing is a consumer is on a different trajectory so the retail products are facing what is the trend in the market. But at the same time we are maintaining our market share. And trying to see where and how we can further grow into that, but we are definitely holding our market.

Navin Sharma: And just to add our market share currently in India is highest means we have 30 plus percent market share and we are leader in retail segment in India.

Dhairyा Visaria: My second question would be like on the enterprise side. So can you elaborate what kind of clients are we catering to? If you could give a mix of industries or client profile that would be helpful. Also, what are the average deal sizes and how many clients are we catering to currently and what is our average gross margins or EBITDA margin on these projects and lastly, what is our average timeline on all these projects?

Sanjay Katkar: So we currently have around a strong presence in SMB segment and we believe it covers around 15% to 20% in Indian SMB. So we have 15% to 20% market share in SMB segment for the endpoint security market. So we have also been shifting towards the larger consumer and to protect a good number of quality logos so some of them might be included like if I have to name few customers, it's like BITs Pilani or like Fino payment bank, Emami Cement. So any organization having IT infrastructure is our potential customer and that's what we target them to sell our Endpoint security product.

Dhairyा Visaria: OK, so yeah, that's it from my side.

Sanjay Katkar: There's no particular vertical that we are focusing. It's like throughout across the vertical. We are across different verticals we target our customers for endpoint security and then currently like adding new products that we are launching in current fields.

Moderator: Thank you. The next question is from the line of Kaustav Bubna from BMSPL Capital, please go ahead.

Kaustav Bubna: I basically just had one question is this 20 crores of enterprise revenue for the quarter which is basically 33% of 61 crores total revenue how much is the sale to private corporates and how much is it to government so out of your 80 crores of revenue coming from enterprise. How much percent of this 80 is to private corporates and how much is this to government?

Navin Sharma: So broadly these type of information normally we don't disclose to the outside means to anyone. So this is a big confidential and proprietary information for us.

Kaustav Bubna: But then how do private investors, or potential investors watch on enterprise growth? Your private corporate growth? OK, tell us how much you're over the last five years. How much has the sale to private corporates grown on a CAGR basis?

Navin Sharma: The growth is similar both in government, so limited information. What I can share with you broadly. The CAGR growth for government and private customer similar a predominant sales comes from private sector sales only.

Moderator: Thank you. The next question is from the line of Madhusudan Bohra an individual investor. Please go ahead.

Madhusudan Bohra: Mr. Kailash, I want to ask you about the growth in revenue and net profit over a period of time. I see over a period of three to five years, our revenue has grown just by at least 3%, which is not even beating the inflation which we have in India. Even my revenue if I see between three years the net profit growth is around 8% in five years, it's just minus 3%. And so what I'm saying is there's no growth as an investor. If I want to go and look at the company, I don't see any anything changing in the company because if I see it from last three year 2015 or 14. Or revenue is just throwing around 300 goes mark. I don't know what is the reason like technical neither I understand now I want to understand. I just want to ask management first, are they satisfied with their own performance that last so many years there's no growth in revenue? Nothing happening in perfect terms, so only as an investor I can see is buybacks coming because you have a cash reserve which is allowing you to make the buyback at a good price, which is something which is luring the investors. But apart from that, can you just tell me first, as Mr. Kailash, are you satisfied with the performance of the company yourself? Second, what is a growth plan as, you must have had some vision for three to five years for yourself and for your company? So what kind of revenue you are targeting for next three to five years your plan what kind of net profit you are targeting, whether you some spillover goes from quarter to another quarter or some quarter. There is some expenses hit comes, whatever happens, but as total three to five years. What is your vision for revenue and what is your vision for net profit? Second, Sir I see working capital is cycle is around 100 days, last 3-4 years. Is there any chance that we can cut down this hundred days working capital cycle and the third in the presentation it was given that over period of time you have rewarded ₹75 per share to the shareholders so just wanted to know how this figure has calculated.

Kailash Katkar: So there are around two to three questions which you have raised, so you mentioned about the revenue growth and the bottom line growth part of it. So definitely I understand the revenue growth percentages are less compatible to the expenses growth, which has happened in the organization, but whatever the expenses are happening is like sort of investment in into the futuristic products which we are working on, like a zero trust and data privacy part of it and these investments were there for last 2.5-3 years almost. And apart from that, even the current business as usual product in that also we need to do lot of upgradation, part of it and new next generation development is required. So it is not into the maintenance mode but it is towards like developing the next generation existing business as usual products part of it. If you don't work on that for the new upgradation part of it, you will be out of the market so entire all competition work on that and we have to also work on that based on the new digital world coming up. Based on that, we have to work towards it and what I wanted to see that from a revenue point of view. Of course the revenue is being generated by the existing product which is business as usual and the new product which I am talking about a zero trust and data privacy. We are still into the development mode. Some of the products have already came out into the market as a beta version. As I said in my speech, one of the zero trust product has we have captured 1 payed customer in this quarter this is this was the first customer for ZTUA that is a zero trust user access product. And in coming future when I see that the other products also will get launched into the market, they will also start generating the revenue part of it.

Madhusudan Bohra: So my question was about two things. One are you satisfied with the performance? Second is that kind of we want a outlook on not on the products what we launched or the maintenance because my interest is

more on what is your revenue target or CAGR growth target for the next three to five years? And what is the net profit for these target.

Kailash Katkar: See definitely if you are asking me if I am satisfied with the performance, I will say yes, I'm satisfied and let me tell you as a promoter we have major stake in this organization. If I would have not been satisfied, I would have thought of diluting my stake. I am very much confident about the company, about the product, about the product releases and everything. And as I said in earlier investor calls, also my focus is in coming two years they will reach to 50-50 ratio about the revenue ratio of 50-50 percent from a retail as well as the enterprise part of it. That is my confidence which give that to comfort zone for myself and my other colleagues.

Moderator: Thank you. The next question is from the line of Jaga Kumar, an individual investor. Please go ahead.

Jaga Kumar: So my question is in line with that previous question we as a company both retail and enterprise, so we are not considering anything about the brand building like doing the ads for I have seen we are doing a regional basis but wherever we are not concerned about the national level, something like a brand gamble there or something. They're not putting in there. We are very slow our decision making very less, but when it comes to dividend and buy back so the promoters are participating in buybacks, including, so promoters are getting the money from the type. There is nothing wrong in it, but. Rather than getting that money in that case. If the company value is doubled, so now company state is 12.5, so it will be more value. So whatever the cash 150 Cr. we are having, why don't we use it for the brand building? And also when you say I used in the L7 on the company between investment is very minuscule. So considering the competition, we don't have a major clients or any IPS. This top companies which are having more

than 50,000 employees, so we are not having any that claim. So I think what maybe in the linear page we are lacking, or something like a product team or different CEO who has a different mindset so minor changes required? While we are growing that decision making in one side and about paid dividends are just getting a buy back to growth there, so that's why we are just getting the right. So that is the one question.

Navin Sharma: Your question was long, I could able to understand three-part in your question. One you are talking about whether we are doing right exercise for branding for better branding for our products, or let's say a better brand presence. This was first question second, why promoters are participating in buyback and 3rd question was with respect to our investment in Israel. So with respect to with respect to brand recognition etc. See while we appreciate suggestions from everyone, but we have experts who work for us who decide that what is right brand building methodology or technique for product like us or distribution channel like us it cannot go in one direction. A lot of efforts are required and lot of multiple way of branding is being done and that is being taken care by experts. Thanks for your suggestion. We will keep it in mind for any making any strategy. Second part with respect to participation of promoters. See, you might be aware that promoters share is 70% to 73% in the organization if our buyback happens without participation from promoter, then certainly their shareholding would increase beyond 75% which is not permissible under SEBI law. Hence if the money has to return to shareholder through buyback route participation of promoters must and similar in similar way. Even if we choose for dividend which is which takes higher leakage tax leakage there also, it goes to promoters. So probably your question with respect to buy back probably is not rational, I would say and 3rd part with respect to investment in Israel. Probably you need to understand that the technology which this Israeli company has where our

investment that is different from what technology we have this is a technology of future. And while the investment is small, but we have a sizable stake in this order in this entity, and this entity is moving in right direction through product development etc. Had our investments were not made in endpoint security 5-7 years ago when we were predominantly taking a lead on retail business. Probably this entity currently would have been at minus 82 or 85 crore revenue. What this endpoint security or enterprise business has delivered. So probably as a business we need to understand and appreciate that one while we keep looking that however current is but at the same time we need to keep feeding a things for future and exactly that was what management is doing, but nevertheless we keep ourselves challenge every time we keep checking our strategy and that's why we have on boarded. As we said that we have on boarded one of the big three multinational consulting firm who is helping in making right strategy for the company for future. Hope this addresses all three parts of your question.

Jaga Kumar: So second part of my question is we are launching a new product, so on the new product where we acquired on client, so actually that is good to know. So just to show light, maybe to you, I'm not asking you giving at Outlook or something just to see so these products. How we are speaking to the customer. Maybe the prices they are using and then now we are just speaking to the existing customers. So just maybe if you can, I understand something like confidential information, but still what is your approach about new products? And also is there any the term investments we need to rebuild or rebrand or rematch so we have enough money to take care even if we add this buyback and all.

Nain Sharma: These are products, so probably one size fits all would not the right thing here. So we have a large client base and we are picking these product to

our existing client as well as new clients where the requirement is because just because we have product we cannot sale it, it requires a pull from client as well and 3rd with respect to buyback even after the taking care of this buyback and dividend etc we would have close to 200 crore rupees available in our books which shall be used for right organic and inorganic growth opportunities. Exactly the way we keep doing. In fact, in last two years we have invested close to ₹150 crores in R&D in the organization, which takes care of both our existing product making features in existing product or improving features in existing product as well as developing new products.

Jaga Kumar: If I can see the last question, so the how is attrition and how it is attrition like how it is impacting [inaudible].

Navin Sharma: Yes, over attrition is marginally lesser than industry standard, so you must have seen result of lot of IT companies how their attrition is, our industry is slightly lower than industry standards.

Moderator: Thank you. The next question is from the line of Nikunj from Mag9 Energies Pvt. Ltd. Please go ahead.

Nikunj: My question is relating what is the approach that we are having to market our products in the enterprise business right now, as you mentioned, we having a stronghold in small and medium enterprises. What is the approach to market when new product name to create awareness and so that's my question.

Sanjay Katkar: So as we launch a new product, we have our team which looks at the addressable market and the way marketing plans their approach towards reaching out to the target customers' in those segment. One, as Navin rightly explained, we also pitch the newer products to our existing

customers as well as we approach newer customers; approach is through multiple ways. We held lot of events CIOs and CISOs in different metropolitan cities in India as well as reach out to certain forums like CISO forum or any other forums where in CIO forum DSCI wherein we are able to reach out to more and more CISOs and CIOs who are the decision makers with respect to these kind of products.

Moderator: Thank you. The next question. Is from the line of Vivek Ganguly from Nine Rivers Capital. Please go ahead.

Vivek Ganguly: I had the one question who would be in the Seqrite space who would be your main competitors and the suit of products that you talking of as far as their concerned, are they already there in the market from a competitor's perspective and are we like playing if I may use the term catch up to introduce these products in the market.

Sanjay Katkar: So in enterprise segment our competition basis or current portfolio would be companies like Trend Micro, SOPHOS even McAfee say at some point. And this is the next generation product of zero trust and data privacy. We are developing in-house. We would be competing with companies like ZScalar, One trust and even certain regular security vendors like and SOPHOS and Symantec.

Vivek Ganguly: And their products would already be there, be there in the market. They're already catering to the enterprise segment.

Sanjay Katkar: No early stage products are there and not mature products. So there are certain companies like One Trust is having level of maturity but most of the competition is having early stage products at this this time for the newer.

Vivek Ganguly: And would all of them like say you'll have classified your products into three or four categories. Whether it's the dashboard or the ZTUA. So

would they be also classifying their products along similar lines or they will be randomized?

Sanjay Katkar: Yes it's on almost on the same.

Vivek Ganguly: And with these four products you all would be completing your suite or you all would require to have, you all would plan to introduce more such granular products.

Sanjay Katkar: So looking at the awareness and the demand, the basic needs will be covering with these products actually, and as the majority of the customers grow by then, we'll be looking at how to introduce the further suite of products. So we are doing research on that front as well.

Moderator: Thank you. As there are no further questions. I now have the conference over to the management of Quick Heal Technologies Limited for closing comments.

Navin Sharma: Thank you all for participating in this earnings call. I hope we have been able to answer your question satisfactorily. If you have any further questions or you would like to know more about the company, please reach out to our Investor Relations manager at Valorem advisors. Thank you. Stay safe and healthy.

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.