

Quick Heal Technologies Limited
Q4 and FY'26 Earnings Conference Call
May 22, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Quick Heal Technologies Limited Q4 and FY'26 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 this conference call, please signal an operator by pressing “*”, then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Hena Khatri from Valorem Advisors. Thank you and over to you, ma'am.

Hena Khatri: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Hena Khatri from Valorem Advisors, and 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 fourth quarter and financial year ended 2026.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management beliefs as well as assumptions made by an information currently available to the 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 let me introduce you to the management participating with us in today's earnings call. We have with us Dr. Kailash Katkar - Managing Director, Dr. Sanjay Katkar - Joint Managing Director, Mr. Ankit Maheshwari - Chief Financial Officer, Deepak Jha and Sneha Katkar from the Strategy Office. Without any further delay, I would request Dr. Kailash Katkar to start with his opening remarks. Thank you and over to you, sir.

Kailash Katkar: Thank you, Hena. Good evening, everyone, and thank you for joining us.

The revenue for us has remained stagnant over the decade and even degrowing for the last two years. Nearly Rs. 100 crores of profit that we used to post every year has eroded. In fact, we have posted Rs. 10 plus crores of losses this year. Adding further, this is the worst quarter in terms of profitability in the history of Quick Heal for as long as I can remember.

I know you guys are curious to understand what is happening. The answer is simple, we have been transforming. The transformation from B2C antivirus company to holistic cybersecurity company. Serving consumers, enterprise, government, not like an English jargon, but transforming our products, transforming with rapidly changing cybersecurity landscape, transforming our target customer segment, transforming our business model, transforming the DNA of the organization to make this happen. The enterprise vertical which used to represent 20% of our top line five years back has now become a major contributor to the business and now represents more than 50% not by default but by design.

Why is this transformation required and how is it impacting us? We all know that globally B2C antivirus industry is struggling due to the industry headwinds and the degrowth. Many of the old companies which just focus on consumer business have perished over the years. More so recently due to the hardware price hike, we have witnessed a sharp fluctuation in the business. We are one of the few companies globally who have vision and made the transformation a reality and thus are able to stay strong but it demands patience, agility and investment. We have never shied away from it and have constantly invested in both R&D and sales and marketing over these many years. The degrowth in consumer business over the years has been compensated by the growth in the enterprise business. Based on the progress we are seeing, we believe we should be able to navigate these challenges of business degrowth.

Over the next three to four quarters this enterprise business will contribute a major share of our revenue. I would also like to pass on the confidence that Quick Heal will continue to hold leadership position in the consumer segment as well. I envision to move enterprise vertical to represent close to 80%, 90% of the top line in coming next two to three years and I am bullish about the future even though the quarter and yearly finance results are not very encouraging.

With this, I would now like to hand it over to Sanjay for further business updates.

Sanjay Katkar:

Thanks Kailash and very good evening to everyone.

The cybersecurity landscape is undergoing rapid transformation driven by AI-led threats, increasing geopolitical tensions, evolving regulations and growing digital adoption across industries. Organizations today are no longer looking only for reactive security solutions. They are seeking predictive, intelligent and proactive cybersecurity capabilities. The cybersecurity industry today is dominated by vendors from the US and Israel.

However, with rising global polarization and cyber warfare increasingly becoming the first line of attack and defense, we foresee a significant market opportunity emerging for us as an Indian cybersecurity vendor. Throughout the year, we have clearly demonstrated our capability and thought leadership across multiple instances.

During the multi-front digital assault under Operation Sindoor, Seqrite Labs served as a critical defense centre for India's digital infrastructure, tracking and identifying over 650 coordinated cyber incidents, including spear phishing, malware and DDoS attacks linked to 35 state-backed and activist groups.

Our research teams also uncovered high-impact transitional cyber espionage networks. As Kailash highlighted, we are no longer just an antivirus company. Today we are a trusted cybersecurity expert with solutions spanning across endpoint security, AI-driven detection and response, data protection and privacy, threat management, zero-trust security, mobility management and specialized security services, all powered by Seqrite Labs, the largest malware analysis facility in India.

Last year, we also launched digital risk protection services and ransomware recovery as a service. We began onboarding initial customers within just two to three months of launch, which reflects strong market acceptance and the growing relevance of these offerings. The DPDP Act, which is similar in spirit to the European GDPR framework, has opened a meaningful opportunity for us. We anticipated this shift several years ago and invested early in building in-house products to help customers address evolving regulatory and compliance requirements.

I am happy to share that we have already onboarded several large BFSI customers and are working closely with them in their compliance journey. We are also witnessing strong customer interest and market pull as the government-defined compliance timeline approaches in May 2027. AI is now reshaping the cybersecurity landscape at an unprecedented pace. Attackers are increasingly using AI to discover vulnerabilities, automated exploit development, and scale attacks much faster than before. This significantly reduces the response window for defenders and makes speed, intelligence, and automation far more critical than ever.

At Quick Heal and Seqrite, we are actively leveraging AI across threat detection, malware analysis, threat intelligence, and response automation to enhance protection at scale. We believe AI will not replace cybersecurity companies, but it will clearly differentiate organizations which can adapt quickly from those which cannot.

Our focus remains on ensuring that our technology, research, capabilities, and innovation stay ahead of this industry shift. With continued investment in AI-driven technologies, threat intelligence, data privacy, and scalable global capabilities, we believe we are well positioned for the next phase of cybersecurity growth and transformation.

I would now like to hand over to Ankit for financial updates.

Ankit Maheshwari:

Thank you Sanjay and good evening everyone. Let me now take you through the financial highlights for FY'26.

This has been a mixed year for us from a performance standpoint. While the enterprise business delivered consistent growth, the consumer business continued to face headwinds. Revenue for FY'26 stood at Rs. 261 crores compared to Rs. 280 crores in the previous year. Deferred revenue stood at Rs. 34 crores as against Rs. 14 crores. Order book stands at Rs. 55 crores as against Rs. 6 crores in FY'25.

Let me now discuss each vertical in detail:

The enterprise vertical recorded consistent growth supported by a healthy build-up in deferred revenue and the order book. During the year, we successfully executed the order relating to cyber literacy received in February 2025 and secured an additional order relating to implementation of integrated cybersecurity solutions worth Rs. 64 crores which is reflected in our current order book. This further strengthens our confidence in the transformation to a holistic cybersecurity solutions provider. This growth was largely driven by robust momentum in the government segment.

While we continue to strengthen our government business and deepen penetration within private enterprises, we have also begun making strategic investments in South East Asia, Middle East Africa and Latin America to expand our market share as we saw initial successes in these territories. We had onboarded marquee BFSI customers for our data privacy product last year and this market opportunity has expanded meaningfully during the current year with organizations increasingly prioritizing regulatory compliance initiatives.

Coming to the consumer vertical:

The consumer vertical continued to face persistent headwinds due to broader industry slowdown. In addition, the IT hardware market witnessed significant price inflation of up to 400% during 2026 compared to 2025. As our channel partners operate across both hardware and software segments, we observed an opportunistic and meaningful shift in their investment focus towards the hardware business temporarily during this phase.

Overdues, which have historically remained elevated in our business, worsened further during the year. Hence, we have tightened our control on the credit cycles with the partners, thereby impacting our top line. We continue to closely monitor the situation with a clear priority of bringing down the overdues. Having said that, we have long-standing relationships with the channel partners and have witnessed and overcome such cycles in the business together in the past.

Our EBITDA for the year stood at negative Rs. 29 crores and was impacted by the decline in top line. At the same time, our overall cost base remained largely flat, supported by multiple cost optimization initiatives undertaken during the year.

I would also like to highlight that in line with our prudent accounting practices, all R&D investments continue to be fully expensed off in the year incurred. PAT for the year stood at negative Rs. 11 crores.

Our balance sheet remains strong and debt-free, providing us the flexibility to continue investing in R&D and market expansion opportunities. As a result of our focused collection efforts, our overdues have improved significantly, which was Rs. 167 crores at the end of last year, had further went up to Rs. 176 crores at the end of H1, now stands at Rs. 138 crores.

Our cash and investments stood at Rs. 224 crores at the end of the year and Rs. 249 crores as we speak. Quick Heal Foundation celebrated 10th anniversary, setting a new benchmark of touching beyond 90 lakh lives to date.

With a strong foundation and a clear strategic roadmap, we remain committed to delivering consistent and sustainable growth in the future. Thank you everyone for your time and continued support. We will now open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We have the first question from the line of Devang Shah from Ant Financial.

Devang Shah: The question is, this was the worst quarter we have ever seen in the company. In the next few quarters also we are going to see some hiccups or is the phase coming to an end in the near term?

Ankit Maheshwari: So, Devang, thank you. In our commentary, we have clearly stated that this will be there for some more time. But this is a transitional phase. We are getting ready for the future. And this will be there for maximum two quarters.

Devang Shah: So, what are the plans for the AI adoptions?

Sanjay Katkar: What is the question?

Devang Shah: What is the plan for AI adoptions? Is there any plan like we are going to adopt the AI on the software basis or something like that for the expansion of the business or something?

Sanjay Katkar: So, I will say, for us AI is not a future roadmap. It is already being integrated into multiple layers of our cybersecurity stack. We are using AI and machine learning across threat detection, anomaly, malwares classification or even response automation. So, at the same time, we are also now adding AI capabilities into different cross functions. Not only product but also our

internal functions. So that is definitely helping us optimize cost and speed up our development. So, cybersecurity domain as such is where we are, I will say AI is being used like anything across. So, our approach combines AI with deep threat research, telemetry and human experts in security. I will say accuracy matters more and that is where we have been using AI. In coming quarters, we will be seeing a lot of optimization on that front.

Devang Shah: Okay sir. And the last question from my side. Just want to know like on the revenue front, we are going to see the drop over there or the drop over on the revenue front would not be so much?

Ankit Maheshwari: So, we would not be able to comment on this. But yes, our cost structure almost remains fixed. 60% is manpower cost and other cost is OPEX which is almost fixed. So, there will be some pain on revenue especially in the consumer business.

Devang Shah: And like if this year was like, the quarter was really very bad, so is there anything like the management has taken over like for the remuneration cut or something or does the percentage for the remuneration remain the same?

Ankit Maheshwari: It remains the same. So, this is the transitionary phase where we believe that we will come out from this comfortably. So, we are not taking any of those drastic steps. And as per the normal process, we are going ahead with the plan.

Devang Shah: Okay, that is fine. That is all from my side. Thank you very much.

Ankit Maheshwari: Thank you. Thanks a lot.

Moderator: Thank you. We have the next question from the line of Devansh from Quick Heal Technologies. Please go ahead. Devansh, you may proceed with your question please.

Devansh: I think there is some mistake. I am not from Quick Heal. I am from Eternal Capital. The moderator might have written it incorrectly.

Ankit Maheshwari: Yes, Devansh.

Moderator: Sir you may proceed.

Devansh: Yes. Okay. So, my first question was I would just like to understand what are the top growth drivers that the management believes is going to take the company forward for the next, let us say, three to five years.

Ankit Maheshwari: Yes. So, Devansh, as we said that enterprise is the growth engine. And in that, especially the new products which we have launched in the last two years, which includes EDR, XDR, Data Privacy, which in my commentary also I spoke on that, that is both the rules and regulations

came in. That is another growth engine. Also, we launched DRPS and RRAS last year. So, these are the three or four growth engines. Apart from it, we have a Make in India story where we are looking for government business and international penetration as well.

Devansh: Okay. Understood, sir. And just what are the revenue splits you are expecting from these particular segments? So across, what are your targets internally?

Ankit Maheshwari: So, we do not share these targets to the outside world. But in the commentary also, Kailash Katkar said that in the two to three year time frame, our revenue from enterprise will go up to 80% to 90%. And we will continue to remain in our leadership position in the Quick Heal consumer business.

Devansh: Got it, sir. And with this, all these data getting on the cloud, are you seeing any particular traction from that particular segment? So, instead of hardware, a lot of this data is being stored on cloud.

Ankit Maheshwari: So, cloud adoption is increasing year on year. And in fact, in our presentation also, we said that it is more than 30% now. So, cloud adoption is increasing.

Sanjay Katkar: And this is also helping us with respect to the DP solution that we have actually, data privacy solution, is also making right sense because the data that is going outside the organization as well as scattered across the organization needs to be monitored and controlled. So that is, I mean, I would say cloud journey is like security plus data privacy, is something that really helps us. And so for us as well, if you see our products, people, we used to have almost 20% of our EPP and EDR solutions deployed on premises, on cloud two years back. But now that has contributed 40%. So, cloud adoption in security solutions has also gone up.

Devansh: Noted, sir. And just one last question. I just wanted to understand any sort of metric that you would like to give. So let us say, cloud adoption increases by 20% in FY'27. What kind of metric are you looking for if that industry gains 20%? What are you looking at? How would your line segment grow?

Sanjay Katkar: So, see, as we have been telling that we have increased our number of offerings, where when things like organizations going for cloud adoption, their attack surface increases. And that is where our newer services like DRPS, Digital Risk Protection, as well as cloud-related offerings like DTNA for accessing those cloud workloads, really make sense. And that is where these solutions will have more traction as the cloud adoption increases.

Devansh: Okay, perfect. Thank you so much.

Sanjay Katkar: Thank you Devansh.

Moderator: Thank you. Thank you very much. Ladies and gentlemen, as there are no further questions from the participants, we now conclude the question and answer session. I now hand the conference back to the management for the closing comments. Thank you and over to you, sir.

Ankit Maheshwari: Thank you. Thank you everyone for your time and continued support.

Sanjay Katkar: Thank you.

Moderator: Thank you, members of the management. On behalf of Quick Heal Technologies Limited, we conclude this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.