

Quick Heal Technologies Limited
Q3 and 9 months FY'25 Earnings Conference Call
February 5, 2025

Moderator: Ladies and gentlemen, good day and welcome to Quick Heal Technologies Limited Q3 & 9-months FY'25 Conference Call Quick Heal Technologies Limited hosted by Valorem Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you Maa'm.

Nupur Jainkunia: Thank you. Good evening, everyone, and a warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent Investor Relations of Quick Heal Technologies Limited.

On behalf of the Company, I would like to thank you all for participating in the Company's Earnings Call for the 3rd Quarter and 9 months ended of the Financial Year 2025. Before we begin, a quick cautionary statement. Some of the statements made in today's 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's beliefs as well as assumptions made by and 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 I would like to introduce you to the management participating with us in today's Earnings Call and hand it over 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 and Mr. Ankit Maheshwari – Chief Financial Officer of the company.

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

Vishal Salvi:

Thank you so much, Nupur, and good evening, everyone. Thank you for joining us today as we discuss QuickHeal Technologies' performance for the 3rd Quarter of FY'25.

Our Q3 performance has been below par largely due to our consumer and government verticals not performing to expectations. However, we are seeing a healthy pipeline being built up and hence we are confident of our outlook for FY'26. We are continuously working towards the pivot of the organization across three levels of products, solutions, and customers. I am pleased to share that we are starting to witness a successful execution of our strategic initiatives which have started to translate into a visible outcome such as key product launches, strategic collaborations, order booking getting created, and new product pipeline, etc.... Speaking on the product innovation and customer-centric solution aspects, in the third quarter, we successfully launched AntiFraud.AI, our groundbreaking fraud prevention solution with a nationwide marketing campaign. This demonstrates our thought leadership in the cybersecurity domain through innovative solutions to address critical cybersecurity challenges. With the ever-growing cyber fraud landscape, this becomes a timely solution for all Indian citizens to counter these threats effectively. Our strong product and R&D organization continue to deliver cutting-edge solutions.

This quarter, we launched the Seqrite Malware Analysis Platform, what we call SMAP, and the Cyber Threat Intelligence Solutions with the first threat Intel order already secured. These innovations reflect our commitment to addressing evolving customer needs and staying ahead of the rapidly changing threat landscape. These solutions are created on the foundation of deep research at our Seqrite labs, creating a value layer for democratizing malware analysis and the cyber threat intel. Additionally, the recent release of the digital personal data protection provisions has created a good number of opportunities in the market interest for us. Our Security data privacy products are well positioned to capitalize on these regulatory changes, and we are already seeing an increase in customer interest and the RFP. The Seqrite endpoint security, our flagship product has achieved a prestigious AV test corporate endpoint protection certification, a testament to our excellence in enterprise security.

Let me also share more on our journey towards catering to higher customer segments through brand and marketing, strategic partnerships and collaboration, and sales organization readiness. We launched the second edition of our Annual India Cyber Threat Report at the Data Security Council of India annual conference last year. This report provides critical insights into emerging threats and trends helping organizations to stay ahead of the curve. The report has been well-received by the customers for the last couple of years, as this is the only source of information related to India-centric cyber threat landscape. This quarter, we signed MOU with Banking Institute of Rural Development Lucknow to foster collaborative research and development in cyber security. These partnerships will enhance our capabilities in advanced threat detection and response, further solidifying our position as a trusted cyber security partner for the financial ecosystem. We also have existing MOUs with NFSU and IIM Nagpur for similar strategic collaborations. To support our growth ambition, we have onboarded key

hires in the mid-management roles, including regional sales directors, customer success managers, and head of QuickHeal Academy. These strategic hiring will drive innovation, customer success, and market expansion. We have initiated India-wide marketing campaign for anti-fraud products to drive user awareness in this category. We are aggressively working towards pruning and refining our strategy's basis with output and consumer feedback. As you all are aware that cyber security industry faces a huge gap in the cyber security talent versus the industry requirements, and this is widening on a day-to-day basis. There is a massive drive of capacity building and awareness in a country driven by central and state governments to bridge this gap. It presents a massive opportunity and rising demand for us being a cyber security leader in this domain. As a result of this, we are seeing a good pipeline being built up for our academy business, which will play an important role in our future growth. As we progress to FY'25, our focus remains in simplifying cyber security for millions of customers worldwide. With a strong emphasis on innovation, strategic partnership, and customer-centric solutions, QuickHeal is well-positioned to maintain its leadership and global cyber security landscape. Thank you for your continued support. With the pivot in transformation changes for the organization, it does take time, but we are excited about the opportunities ahead and remain committed to delivering value for our customers, partners, and shareholders.

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

Ankit Maheshwari:

Thanks, Vishal. Our Q3 FY'25 Results highlighted muted performance in the Quarter alongside structural shifts in our business, with a growing order book and building of deferred revenue. Our consolidated revenues for the quarter stood at Rs. 71 crores, marking a 4% decrease quarter on quarter and a 14% decrease on a year-on-year basis. As Vishal highlighted earlier, the decline is largely due to headwinds in the consumer business and government vertical, while the competitors in the consumer vertical have been struggling due to industry-level degrowth. We have shown resilience against market challenges, thanks to all the initiatives within the business that we have taken.

The government orders are pushed forward in timelines and have not been concluded yet. Revenue for 9 months FY'25 stands at Rs. 214 crores, depicting a 1% year-on-year growth. The split between consumer and enterprise business remains at 62% and 38% respectively. We have made conscious investments in Horizon 3 product launches and the market launch of anti-fraud products.

I am happy to state that we have launched the new product in the Horizon 3 category as we had committed. While it might have impacted the profitability in the short term, which is Q3, these are long-term investments made towards our growth story for the future. We follow prudent accounting practices, expensing all R&D investments. EBITDA for 9 months FY'25 stands at 1.9 cr while the Q3 FY'25 EBITDA remains at negative 3.8 crores. Our PAT for the quarter is 0.1 crore. I would also like to bring to your attention some key highlights as we speak

to you today. For the first time, our enterprise order book has crossed materiality and as on date stands at 7.2 crores as against 35 lakhs at the end of Quarter 2. Our deferred revenue has been gradually building up and we have added around 8 crores over a period of 9 months of this year and stands at 10 crores at the end of Quarter 3. This enables us with higher comfort and predictability in the business as we progress in further quarters to come. We are a cash-rich company focused on creating long-term value for our shareholders. We remain committed towards our vision of the transformational pivot of the organization. Beyond business, we continue to make a positive impact through our Cyber Siksha for Cyber Suraksha initiative, which has touched over 64 lives as on date. We recently hosted the Cyber Suraksha Awards 2025 honoring volunteering students, teachers and colleges for their contributions to cyber security awareness.

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

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

Mihir Manohar: I just wanted to check when we see the sales and marketing expense that is going to 23.7 crores for the quarter versus 20 crores on a QoQ basis. So, is it that we have accelerated the S&M cost, put some color on that. That will be helpful.

Ankit Maheshwari: Yeah, thanks, Mihir. So, on sales and marketing, we have in this quarter launched our Anti Fraud product. Because of that, there was some one-time expenses which we have incurred. Please note that these are all budgeted in our budgeting exercise. Overall, we also believe that these expenses will go more in the future because when we launch a consumer-type product, we have to do a lot of awareness campaigns in the market.

Mihir Manohar: Sure, understood and what would be the one-time kind of a number?

Ankit Maheshwari: We don't disclose these numbers, but it was more than 2 to 3 crs.

Mihir Manohar: Understood. Sure. Second question was just on the new product launches, Seqrite Malware Analysis and Seqrite Threat Intelligence. So, if you can throw some light, some color, which are the areas that we are trying to address? We know what kind of opportunities are here that will be helpful.

Vishal Salvi: Yeah, thanks, Mihir, for that question. So, Seqrite Malware Analysis Platform is actually a solution which will help in organizations to do a deep analysis of any malware file through a

full automation and it goes through multiple phases of review before you are able to give a verdict, including dynamic and static analysis of the files. So, think of it like there is a huge demand for malware analysis talent in the market, and there is very low supply and so, the only way to solve this problem is to democratize it by creating such platforms which are available. So, this is actually one of its kind platform from India and there are multiple use cases in terms of state government, central government, and large enterprises who would be actually using this platform to have a tool available in their hands to do real-time analysis of the malware files received in their organizations. So, we are extremely bullish about the prospect of its consumption in all these opportunities that I just talked about and as far as the cyber threat intel is concerned, it is something which is, again, actionable intelligence that we provide through this platform for its consumption by enterprises, whether it is, again, government bodies or enterprises. They can ingest these actionable intelligence into their security operations center and able to actually immunize their computer infrastructure from threats emerging from those threat actors. So, both these products are actually on the foundation of our cyber threat research that happens out of Seqrite Labs, which is the largest malware lab in the country and all of these have been created on the foundation of that research work that we do.

Mihir Manohar: One last question goes on the Deferred Revenue and Order Book. Is Deferred Revenue and Order Book one and the same or are they different?

Ankit Maheshwari: So, these are two different things. Order Book is, what we say, confirmed orders in hand, while when we invoice it, it will either convert into the recognized recognition of the revenue or it is being deferred. Does it make sense?

Moderator: Thank you. A reminder to all participants, you may press “*” and “1” to ask a question. Ladies and gentlemen, you may press “*” and “1” to ask a question. The next question comes from the line of Jalaj from Svan Investments. Please go ahead.

Jalaj: Sir so, I just wanted to understand how should we read into the order book, as in, I hope these are majorly would be or a major chunk would be from enterprises, but over what period of time these need to be delivered? Because if I were to take a book to will ratio, it comes out to be a very small number there, only 0.3 in terms. So, how should we read about it? Could you talk about it?

Ankit Maheshwari: Yeah, Jalaj. Thank you. So, while Mihir had the same question, but let me explain it again. An order book is a detailed record of confirmed purchase orders, contracts in hand, mainly from our enterprise vertical that have been formally agreed upon. In the history of QuickHeal, we are first time showing enterprise order book, which is material now. Earlier it was not material because in my earlier speech also I said that it is about 35 lakhs in Q2. These orders are yet to be fulfilled and built depending upon the contract tenure, generally over a period of 1 to 3 years. This order book includes clients both from domestic as well as international customers.

Jalaj: Sir, so just to add to it, so let's assume if I were to see the last year run rate or even this year's run rate. So, we are sitting on a 30 crore enterprise revenue per quarter, that is broadly it has been. So, is it fair to assume that this order book is over and above that? Sir that is a normal run rate.

Ankit Maheshwari: In fact, both deferred revenue as well as order book is over and above that.

Jalaj: Okay, so currently whatever we are booking into enterprises as a revenue was much more on a short term basis. Is that a fair way to understand it or as in I am just trying to understand the current status quo in the enterprise revenue. How does that differ from the order book because you said for the first time we have reached to a sizeable amount. So, currently if we are running on a 30-40 crores, 30 crores run rate, quarterly run rate, that revenue is currently not on basis of some sort of order book. Is that a way we should think about that?

Ankit Maheshwari: So, whatever we are doing is the BAU. This is since we have started taking the material orders and we are receiving material orders, we are trying to capture those material orders and have been shown separately. Overall, this is in addition to what we are showing in the earlier quarters and in this quarter.

Vishal Salvi: So, in a way, Jalaj, what you are saying is right. This is over and above the run rate business that we have right now.

Jalaj: Got it, sir and, sir, one more thing. So, we have been talking about that the sales cycle in enterprises is a little longer and the first step is you do a POC with the enterprises. So, where are we on those or could you give us, the best could be if you could give us some quantitative number on to that as in where are we or how many places or enterprises are we right now doing our POCs and some flavor on to what it would be last quarter or a year back. So, that gives directionally where we are.

Vishal Salvi: I think I can give you a slight color to that in the sense that our overall pipeline is healthier than what it used to be. I think in the past one year our pipe has doubled. Similarly, our rate of POCs and engagements with enterprises have also increased. So, that we are seeing a gradual, regular increase in both of these activities for the enterprise business.

Jalaj: Okay. So, just trying to dive deeper. So, could you quantify some more color on to healthier businesses? Because we have had first fruits of success in terms of order book that shows up, but as in how far are we from that inflection point? I just wanted to understand that.

Vishal Salvi: Yes. I think once you start looking at these, because these are the 2 parameters that we have introduced additionally right now and henceforth we will be maintaining it, you will start getting the good view about how that order book, deferred revenue and revenues are stacking up. At this moment of time, we are not yet making our pipeline numbers public, comparative

as well as absolute. But maybe in future, we will look at that. But I will say that as you look at us on a quarter-on-quarter basis, you will be able to see how that progress is unfolding.

Jalaj: Understood and one last question. So, have you had some initial success in the DPDP Act Implementation product for us? Because that is one product I guess we have been ready with that product and we have been very bullish about that.

Vishal Salvi: Yes. So, like I said in my opening remarks, basically we are seeing a good amount of interest and traction coming up. We have also started bidding in large RFPs. We are also getting shortlisted in some of them. So, that is a good progress for us but basically, like you also know that we are still waiting for the enforcement guidelines to come in. But we are starting to see some kind of momentum towards bidding for RFPs and generating POCs.

Jalaj: Understood and then currently on the enterprise, could you give us some flavor as to what sort of revenue does government form? I mean, what would be the split between businesses and government, B2G and B2B?

Vishal Salvi: See, broadly, what we have mentioned in past also is that our government business is around 20% of our enterprise business. It has been sluggish for this quarter, but generally the run rate business is around 20% of the enterprise business.

Jalaj: And that has been so in the past, let's assume for the past one, one and a half years, that is the way it has been?

Vishal Salvi: That's right.

Jalaj: Got it. Thanks a lot and best of luck.

Moderator: Thank you. The next question comes from the line of Vimal Gohil from Alchemy Capital Management. Please go ahead.

Vimal Gohil: So, I just wanted to check, so what...I think what questions are arising of your order book details is that your current run rate, quarterly run rate of enterprises at about 25-30 crores versus an order book status of 7 crores and a deferred revenue of 10 crores. So, how does that match? Typically, when you have deferred revenues, this will be 1x or 1.1x of your revenue, of your total revenue, typically, for a product company. So, you know, how does that match work?

Vishal Salvi: So, Vimal, what I would say is that when so far, when you look at it, we had a run rate business, right, on a quarter-on-quarter basis. This is the first time we have been able to create... we have realized that the amount that is there in terms of deferred revenue as well as order book is material. This is all over and above our run-rate business, and that is the way you should look at it. So, far in the history of Quick Heal, we have largely been booking our numbers and showing, and these two segments did not have any material number for us to report. Given

that the way our business is changing, the way we are introducing new products, the way... I talked about 3 launches already, right? I talked about Academy Business, I talked about Cyber Threat Intelligence, I talked about SMAP, all of these products, you know, the revenue recognition happens over a period of time, and as we start seeing the revenue accumulated through these products, we will naturally start having these areas coming up together. So, the current run rate business from all of the products will continue as it is. These are additions which are coming up, which will start adding, and that is why we started publishing numbers as well. I hope that clarifies.

Vimal Gohil: Yes, so basically what you are trying to say is, so about 28 crores of, let's say, annualized quarterly order book, or order book, right, versus a 120 crore of existing revenue. So, 120 over and above, if you assume that there is, that your run rate business continues to remain at the level at which it is, and you are able to 100% execute your order book, you are looking at a 120 plus a 28 crore of revenue for FY'26. Is that the correct math?

Ankit Maheshwari: I mean, you can do, it is very simplistic math.

Vimal Gohil: Yes, but this is what I'm understanding.

Ankit Maheshwari: So, the reason why we are saying it is not that simple addition, because the tenures could be different for the order book. It could vary from 1 to 3 years. For deferred revenue, it could vary from one to three years, right? So, but largely what you are saying is correct. Order book as well as deferred revenue is on top of the BAU business, what we have reported.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. The next question comes from the line of Arunachalam V, who is a freelancer. Please go ahead.

Arunachalam V: I am very happy that your organization is leading the IT security solution space as a pioneer. See, just wanted to know, what is your market share in the field? Be it Total Security, Internet Security, Antivirus, what should be your market share?

Vishal Salvi: So, we are a market leader as far as India is concerned in the antivirus consumer space. Our current market size is around between 35 to 40 percent as compared to our competition.

Arunachalam V: Thank you very much, sir. In all your segments, you operate, right or is it in any specific?

Vishal Salvi: This is specifically for our consumer antivirus.

Moderator: Thank you. The next question comes from the line of Navya Gautam with Sicomoro Advisors. Please go ahead.

Navya Gautam: I just missed the introductory part of the call. So, I just wanted to ask one thing that there was an increase of 23 percent ROI on general admin expense. I would just like to know what is the major driver in the expense rise?

Ankit Maheshwari: Thanks, Navya, for this. So, this was a sluggish quarter for us and due to headwinds in our consumer business, we were not even able to make the planned collections. So, as per the accounting standard, we have to make a provision for doubtful debts of about 2 crores. Please note this is just a provision and there are no bad debts. But since we have to follow the accounting standard and we have to make a provision of about 2.5 crores.

Navya Gautam: Okay and why was the reason for revenue decrease in the consumer segment? What was the reason for this downfall in revenue for the consumer segment?

Ankit Maheshwari: So, we were facing some headwinds and because we were not able to make the collections, there was pressure on revenue also. So, we were not able to build it.

Vishal Salvi: But Navya, I think broadly, if you look at the antivirus consumer business, globally as well as in India, there has been a de-growth. Overall, there has been a de-growth. QuickHeal has been a market leader in India, as I mentioned earlier in the earlier question. Secondly, we are working on a flattish kind of revenue projection, and we want to keep the same thing for the rest of the year as well. So, while overall as an industry, our competitors and everybody are degrowing, we will remain flattish. But having said that, those headwinds are still relevant for our business also and that is why we are seeing those headwinds and the growth challenges.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. The next question comes from the line of Amit Agicha with H.G Hawa. Please go ahead.

Amit Agicha: Sir, my question was with respect to the cash flow situation like what is the expected cash flow situation given the continued investments in research and marketing and are there any pricing changes planned for existing products to improve the margins?

Ankit Maheshwari: So, our cash balance is static as compared to the previous quarter. In spite of the fact that we have made a commitment, we have made a Tier 3 data center in our Pune office where we have spent a good amount of CAPEX. In spite of that, our cash balance is at the same level of 190 crores.

Amit Agicha: 190, you are saying?

Ankit Maheshwari: Yes. Cash and investment balance is 190 crores.

Amit Agicha: 190, sir, any pricing changes planned for existing products to improve the margins?

Ankit Maheshwari: So, it is the market dynamics. Based on the competition and other factors, we keep on reviewing it on a regular basis. And as and when required, we will do that course correction.

Moderator: Thank you. Thank you. A reminder to all participants, you may press “*” and “1” to ask a question. Ladies and gentlemen, you may press “*” and “1” to ask a question. The next question comes from the line of Amit Agicha with H.G. Hawa. Please go ahead.

Amit Agicha: Sir, can you share any details on the employee retention strategy, especially in R&D and sales and how is the company addressing the talent acquisition and AI-driven cyber security?

Vishal Salvi: Amit, thank you so much for that question. See, our attrition is at an all-time low and within that, it is much lower in our R&D team. So, we feel very comfortable in terms of how we are working with our employees. It is a very important aspect of our strategy. We measure our employee engagement score year-on-year. This year also, the engagement scores are out and they are slightly higher than last year. So, overall, that is also something which we track. Building the right culture, right empowerment, giving our employees challenging activities and tasks to do, all of that is part of our strategy to retain, reward, and recognize our employees. So, we continue to have that focus. At the same time, whenever we are looking for talent from the market, we have a very elaborate process of selection and identification and we benchmark our competition with the market and we are very happy that we are able to attract very good talent from the market across all levels.

Amit Agicha: Sir, may I know the employee count?

Vishal Salvi: On an average, our employee count has been hovering around 1,000 for the last few years.

Amit Agicha: Okay, sir and can you share the percentage of revenue that comes from large enterprises, clients versus the retail consumers?

Vishal Salvi: Against the retail consumers?

Amit Agicha: Yes, the large enterprises and the retail, the buyers.

Ankit Maheshwari: So, the split between consumer enterprises is 62% versus 38%.

Vishal Salvi: So, 38% of our business is coming from enterprise and 62% from consumer market.

Amit Agicha: And sir, last question. How diversified is the company's client base to mitigate risks from government spending cuts?

Vishal Salvi: We feel very comfortable that we do not have any concentration risk from any one client and it is very, very evenly and widely distributed across multiple customers.

Amit Agicha: And sir, any major customer wins or partnerships that will drive revenue in the next few quarters?

Vishal Salvi: Yes, there is one which we just talked about in our commentary also that we have won a large Threat Intel deal. We will be sharing the name of the customer in future, once we have their consent as well, because just recently, we have acquired. But I think, apart from that, we also have one international deal for academy, which is again a large. So, yeah, I mean, we keep having multiple deals coming up on a quarterly basis.

Amit Agicha: And sir, are there any revenue targets for the new cyber security solutions, like Seqrite Threat Intelligence and AntiFraud?

Vishal Salvi: Yes, I think internally, we do have a very robust business plan and targets, which all our business teams are still accountable for. We do not make these public as yet on a product by product basis. But we do have internal clarity in terms of what we want to do and how we want to have a business plan for each of the products.

Moderator: Thank you. The next question comes from the line of Jalaj from Svan Investments. Please go ahead.

Jalaj: In the current enterprise business, could you give the split across the various products? So, let's say, the informed security zero trust solution and we basically wanted to understand what has been split across the older products and the newer products.

Vishal Salvi: Yes Jalaj, thanks for the question. We right now do not make these splits public across our enterprise products. But as we grow and mature, perhaps in future, we will be able to do this.

Jalaj: Some qualitative picture onto that, maybe not exactly, would be helpful there.

Vishal Salvi: I mean, at this point of time, I am afraid I will not be able to give you even a qualitative picture. But like I said maybe in future as we because these are all newly launched solutions. So there are early stages of their getting into the market. But, but you will get to see in terms of how we start announcing large deals in future. But I think in future, maybe we will start sharing that and making public. But right now, we don't.

Jalaj: Got it and then one last point on the on the deal win, which is the order book you announced. Is it in I am assuming it is it from it is from the new products which have been launched as a horizon to what you have been talking about? Is that the right assumption?

Vishal Salvi: Your understanding is correct.

Moderator: Thank you. Ladies and gentlemen, you may press “*” and “1” and one to ask a question. The next question comes from the line of me is Mihir Manohar from Carnelian Asset Management. Please go ahead.

Mihir Manohar: I wanted to understand the DPDP side. So basically, we have **(Inaudible) 0:39:41.1**, which is an addressable area here. What all different products do we have to pick up this market and on a broad cut basis, what could be the average deal size that we can have for this particular area?

Vishal Salvi: Mihir thank you for that question. See, I think, you know, you actually hit it spot on because, you know, DPDP is not only about the data privacy product that we have, but basically, cyber security products are foundational element to bring in the necessary controls which are required to achieve DPDP compliance. So, you know, our data protection products, our zero trust access products, our mobile security products, all of these are relevant solutions to improve the overall posture of privacy in a given organization. If you go by the global market, you find that whenever any large regulation such as DPDP has come into play, the overall spends have grown not only in the privacy space, but also in the cyber security space. So, we do expect that it is not only going to boost our data privacy solution, but it will also boost the other products that we have in our kitty. Okay. Now, in terms of the deal size is concerned, if you look at a mid-market kind of a customer, especially for DPDP compliance, the size of the deal can vary anything between 75 lakhs to 3 crores, right, depending on that. So, if you go to larger enterprise and that number will grow further. So, that would be typically the ticket size for a mid market to a large enterprise customer.

Mihir Manohar: Understood sir. So, this is basically for making the entries out of the piece. You landed 75 lakhs to 3 cr, and then maybe you expanded to different areas and that would be adjacencies, right?

Vishal Salvi: Yes. Okay. Understood. I just want to ask you on this DPDP, I mean, I went through the rules, but was not getting the penal provisions because, the penal provisions that were talked about, they were quite severe, but when I went through the rules, they were not that severe. So, I mean, any comment around that, that how quickly and to what all enterprises will be enforceable? Because the rules also have not mentioned what is the threshold limit to which these particular rules will be applicable?

Vishal Salvi: Yes, I think, see, the whole intention of the penalty is to motivate organizations to adopt and take these rules very seriously. Okay. It acts more like a deterrent than the intention is to actually penalize organizations. What we are given to understand is that, obviously, those organizations, large organizations, social media platforms who process personal identifiable information will actually be held more accountable for how they process and use that data versus a smaller organization, which does not process as much data and may not cause as much harm to the citizens of the country. So, they will actually calibrate the penalties based on the exposure and the size of the organization and the ability for them to invest in protecting that data. Having said that, I think the government of India is extremely serious about getting

compliance to the provision and so, any organization which has been found to be blatantly ignoring and not following the basic hygiene that is required for cyber security or privacy would perhaps fall in the category of getting penalized.

Moderator: Thank you. A reminder to all participants, you may press “*” and “1” to ask a question. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Vishal Salvi: Thank you so much for all of you who have joined today and asked very good, insightful questions. Hope to see you again in the next quarter. Thank you so much.

Ankit Maheshwari: Thank you.

Moderator: Thank you. On behalf of Quick Heal Technologies Limited that concludes this conference. Thank you and you may now disconnect your lines.