Quick Heal Technologies Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline / Recovery in Progress **One-line:** Quick Heal has successfully arrested the freefall seen in Q4 FY26, swinging back to positive EBITDA and PAT in Q2 FY27 through aggressive working capital liquidation and an accelerating pivot toward Enterprise cybersecurity (SIA, DRPS).

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Beat	Revenue grew 44.2% QoQ (□64.9 Cr vs □45.0 Cr); EBITDA swung from -□17.6 Cr to +□2.3 Cr.	□
Earnings Quality	Moderate	PAT (□5.8 Cr) is supported by Other Income (□8.3 Cr), masking an operating EBIT loss of -□3.5 Cr.	□
Guidance Confidence	Neutral	Management is delivering on the "Enterprise transition" with new product launches (SIA, AntiFraud.AI).	□
Management Credibility	Improving	They followed through on the promise to fix the credit cycle; Receivables fell by □39.8 Cr in six months.	□
Business Quality Signal	Stable	The core consumer business remains under pressure, but the high-margin profile is being defended (93.5% GM).	□
Key Q&A Exchange	N/A	PPT_ONLY: No concall conducted or available.	—
The Street's Primary Anxiety	Terminal Value of AV	Can new Horizon-3 products offset the structural stagnation of traditional Consumer Antivirus?	□
Capital Cycle Stage	Investment	Continued heavy R&D (□27.1 Cr this quarter) despite low absolute EBITDA.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins recovered from -39.1% (Q1) to +3.5% (Q2).	□
Pricing Power	Stable	Gross margins remain high at 93.5%, though down from the 97-98% historical peak.	□
FCF Conversion & Quality	Strong	H1 FY27 CFO of □39.6 Cr on PAT of □0.5 Cr represents elite cash conversion via balance sheet cleanup.	□
Competitive Moat Signals	Stable	30% market share in India consumer AV maintained; Enterprise moat is still being built.	□
Balance Sheet Strength	Strong	Combined Cash + Investments of □261.6 Cr with zero debt.	□
Working Capital Efficiency	Improving	Trade receivables reduced from □137.6 Cr (Mar-26) to □97.8 Cr (Sep-26).	□
Mgmt Guidance Track Record	Improving	Navigating the "worst phase" as promised in Q4 FY26.	□
Key Vulnerability	Fixed Cost Load	R&D and S&M consume 71% of revenue; the business requires higher scale to achieve meaningful PAT.	□
Management Tone	Confident / Product-Focused	Focus has shifted from "survival/credit control" to "Product Launches & Marketing."	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The operational "bottom" is likely in the past. EBITDA and PAT have returned to positive territory. The most significant achievement is the balance sheet cleanup: Trade receivables have plummeted from □166.7 Cr (H1 FY26) to □97.8 Cr (H1 FY27), releasing massive cash flow (CFO of □39.6 Cr). The product pipeline is now active, with the launch of SIA, AntiFraud.AI, and DRPS targeting the Enterprise segment. * **Negatives:** The business remains precariously balanced on a high fixed-cost base. While EBITDA is positive, the core EBIT (Operating Profit) is still negative at -□3.5 Cr for the quarter. Revenue of □64.9 Cr is still significantly below the □83.5 Cr achieved in the same period last year, indicating the Consumer AV segment has not yet found a new growth catalyst. * **The Street's Concern:** Investors remain anxious about the "J-curve." While the Enterprise order book and new products are promising, they are not yet large enough to drive consolidated revenue back to double-digit growth or restore historical 20%+ EBITDA margins. * **Forward-looking Watchpoint:** Watch for "Material New Product Revenue" recognition in H2 FY27. If the new Enterprise products do not scale by Q4, the current margin recovery will stall.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary absent.

Metric	Current Qtr (Q2 FY27)	YoY Change	QoQ Change	Trend
Revenue (□Cr)	64.9	↓ 22.3%	↑ 44.2%	↑
Revenue Growth CC (%)	Not in doc	-	-	-
EBIT Margin (%)	-5.4%	↓ 1,260 bps	↑ 4,220 bps	↑
PAT (□Cr)	5.8	↓ 26.6%	Swung	↑
Deal Wins / Order Book	□55 Cr*	-	-	→
Headcount	Not in doc	-	-	-
Attrition (%)	Not in doc	-	-	-
Gross Margin (%)	93.5%	↓ 340 bps	↓ 470 bps	↓
EBITDA (□Cr)	2.3	↓ 75.0%	Swung	↑
EBITDA Margin %	3.5%	↓ 760 bps	↑ 4,260 bps	↑
Cash Flow (OCF) (□Cr)	39.6 (H1)	↑ 833%	-	↑
Net Debt / (Cash) (□Cr)	(261.6)**	↑ 16.8%	-	↑
Working Capital (DSO)	138 Days	↓ 54 Days	-	↑
**Order book value carried forward from prior context as no update was in the Q2 PPT. **Includes Investments (256.3 Cr) + Cash (5.3 Cr).*				

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Consumer	~32.0*	↓	High	↓	Lower	Focus on maintaining 30% share; AntiFraud.AI launch.
Enterprise	~32.9*	↑	Moderate	↑	Higher	Pivot to Horizon-3 products (SIA, DRPS, RRaaS).

**Estimated based on Management's prior claim of Enterprise being >50% of the mix.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue Mix	Enterprise to reach 80-90% of revenue in 2-3 years.	Requires Enterprise growth of >35% CAGR to offset Consumer.	In Progress	High
Strategy	Product Launch	Launch of SIA, AntiFraud.AI, DRPS, and RRaaS.	Needs immediate Q3/Q4 revenue conversion to justify R&D.	Delivered	Medium
Strategy	Credit Control	Tighten partner credit cycles and collect overdues.	Target met: Receivables dropped from □137.6 Cr to □97.8 Cr.	Delivered	Low
Strategy	R&D	Continued investment in Horizon-3 products.	R&D spend was □27.1 Cr in Q2 (41.7% of revenue).	Consistent	High
Strategy	Geog. Expansion	Focus on SEA, MEA, and LATAM markets.	Participation in GISEC Dubai (Sept 2026) confirms intent.	In Progress	Medium
Balance	Cash Reserves	Maintain strong liquidity to fund the pivot.	Cash/Investments rose to □261.6 Cr (from □224 Cr).	Delivered	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY26/FY26)	This Quarter (Q2 FY27)	Direction
Profitability Status	Massive Losses (EBITDA -□29.3 Cr).	Return to Black (EBITDA +□2.3 Cr).	↑ Improving
Receivables Profile	Stressed (□137.6 Cr).	Liquidated (□97.8 Cr).	↑ Improving
Product Portfolio	"In development."	Launched (SIA, AntiFraud.AI, DRPS, RRaaS).	↑ Improving
Operating Cash Flow	□15.4 Cr (FY26 Total).	□39.6 Cr (H1 FY27 Only).	↑ Improving
Cash Runway	□224 Cr.	□261.6 Cr.	↑ Improving
Management Focus	Crisis management & credit control.	Marketing campaigns & new product revenue.	□Positive Shift
Earnings Quality	Low (Structural losses).	Moderate (Positive OCF, but EBIT still negative).	□Mixed
EBITDA Margin	-60.2%	3.5%	↑ Improving

- **Earnings Quality Note:** The massive divergence between H1 PAT (□0.5 Cr) and H1 CFO (□39.6 Cr) is entirely driven by the aggressive collection of trade receivables. This indicates management has successfully "hollowed out" the working capital bloat that plagued the business in FY26. While this provides a massive cash cushion, it is a one-time lever; future cash flow must come from operating profits.

STOP HERE.