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Dear Sir/Madam,

**Sub: Transcript of Earnings Call held on August 12, 2025, for the quarter ended June 30, 2025**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the Earnings Call of the Company for the quarter ended June 30, 2025.

The same is also available on the website of the Company at <https://www.subex.com/investors/announcement-filing/#investor-analyst-call>.

Kindly take the same on record.

Thanking you

**Yours truly,  
For Subex Limited**

**Ramu Akkili  
Company Secretary & Compliance Officer**

**Encl.: as above**

**Subex Limited**

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## **Subex Limited**

### **Q1 FY26, Earnings Conference Call**

Event Date / Time: 12/08/2025, 17:00 Hrs.

Event Duration: 01 Hr 26 mins 10 secs

#### **CORPORATE PARTICIPANTS:**

**Ms. Nisha Dutt**

Managing Director & CEO

**Mr. Sumit Kumar**

CFO

**Mr. Harsha Angeri**

Head, Corporate Strategy and AI

**Mr. Ramu Akkili**

Company Secretary and Compliance Officer

#### **Q&A Participant Details:**

1	Jitendra Bhutoria	Individual Investor
2	Mahesh Kumar	Individual Investor
3	Chirag Kachhadiya	Ashika Group
4	Sanjyot Khare	Individual Investor
5	Malav Desai	Individual Investor
6	Ramesh Pillai	Individual Investor
7	Abhishek Kale	Individual Investor
8	Hemal Kapasi	Individual Investor

**Moderator**

Ladies and gentlemen, good day and welcome to Q1 FY26 Earnings Conference Call of Subex Limited. 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 touch-tone phone. Please note that this conference is being recorded.

I would now like to hand over the floor to Mr. Ramu. Thank you, and over to you, sir.

**Ramu Akkili**

Thank you very much. Good evening to everyone who have joined the earnings call for the quarter ended June 30, 2025. Now, I would like to introduce the members of the management who are present for the call. Ms. Nisha Dutt, Managing Director and CEO; Mr. Sumit Kumar, CFO and Mr. Harsha Angeri, Head Corporate Strategy and AI and myself, Ramu Akkili, Company Secretary and Compliance Officer.

I would like to start the conference call by going through the Safe Harbor clause. Such statements in this presentation concerning our future growth prospects are forward-looking statements, which involve several risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to successfully integrate acquisition, competition in our areas of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry.

So with this, I now hand over the call to Ms. Nisha Dutt to take it forward.

**Nisha Dutt**

Good evening, everyone, and welcome to Subex's Investor Call. Thank you for joining us today as I share updates for Q1. You must have seen the results by now. I would say the results are mixed. Our Q1 results are subdued from a top-line perspective.

Our business has always been H2 heavy, but one of the key reasons for muted Q1 is that there was slow order intake in the last financial year. If you remember, I mentioned it a few times. Our deals got shifted from quarter to quarter due to various budgetary and geopolitical reasons, and we did not close deals as per schedule. So, what that does is it has an impact on the subsequent quarters and the way we take our revenue. But, however, now I think that things have started to move, and our order intake is getting back on track.

We also have a strong pipeline, which gives me confidence that we shall make up for the shortfall in subsequent quarters. Last year also got some wide challenges, but we stayed focused on profitability. We have been EBITDA positive and delivered profits in six of the seven quarters. This quarter, as you all know, PAT is back in black, helped by tax refund and office optimization. And our cash position, you have seen it. It's significantly stronger, thanks to sharper working capital management and one-time income gains.

Q1 was a strong start. We landed a major a Tier-1 win in the Middle-East. A clear step forward and priority was market. Our managed services business continues to deliver with consistency, driving

recurring revenues quarter after quarter. We renewed our AI-based MS contract with our T-1 operator in Africa.

So, wins like this build momentum, and it also validates our strategy and position us to capture strong tailwinds in high potential markets. So, all these wins have been in our clear priority, geographic areas. We also continue to invest in next-gen products. I'm sure that most of you must have got some of the announcements that we made. We recently launched FraudZap, a lightweight AI-powered fraud-detection platform.

This product is mainly targeted to Tier-3 telcos and MVNO and customers with specific single use case requirement. For this segment, the ask is clear. They need solutions that are lightweight, cost effective, and easy to deploy. So that's exactly what we are delivering, an AI-first approach with minimal total cost of ownership and near-zero deployment effort. So, it's a plug-and-play model designed to bring value quickly without the complexity or overhead of traditional systems.

And we are beginning to add new pipeline in this area. And as to that, this is a little bit of a departure from the way we generally build and deliver products. We also announced recently that our HyperSense platform is now GenAI enabled. We have embedded GenAI into our platform. Customer experiences are changing across applications.

And thanks to GenAI, we are able to add applications with our conversational and enable that experience in HyperSense. So HyperSense can now continuously learn, adapt, and unlock new use cases as foundational AI models advance. So this is, I would say, not just an evolution, I think this is a major leap forward in how fraud management and revenue assurance will be delivered in future. And as you are aware, we had unveiled agents also during MWC in Barcelona, so we continue to work on POCs with telcos on these investigative agents.

In Q1, we also had the opportunity to attend DTW Ignite in Copenhagen, and I'm happy to share some exciting news. This is where our catalyst project, so we had participated in a catalyst project and it was called Quality of Trust: Eliminating Spam and Enabling Growth. So this was well received, and we were recognized as one of the front runners in this. So, this recognition is especially meaningful, because it reflects the support and validation from our peers and broader industry.

So, this is not just any other award. This is where your peers actually evaluate you and score you. So, this was especially meaningful to us. It reinforces our mission to help telcos build customer trust and enhance a user experience by taking a proactive approach to combating spam and scam. So, you've heard me say this before. We are focused on making sure that we expand our fraud and assurance portfolio on emerging next-gen use cases.

So, we are not just talking about AI when we take it to market for our customers, we are also internalizing it and operationalizing it. Internally, we have deployed GenAI within our engineering team through initiatives like Code Shield workshop, using GitHub Copilot to improve test coverage, reduce defects in our products, accelerate release cycles. So, we are building what I think of almost as AI-native workforce to future-proof our innovation engine.

So, if I were to kind of sum up Q1, I would say that it's lots of headwinds, but we have responded with focus, resilience, and clear plan forward. You will see that we had some struggles on the top line, but we are more than compensated on the bottom line. So, fundamentals are strengthening, order momentum is building, profitability is consistent, and our innovation road map is aligned with where the market is going, and that gives me a lot of hope for the way the year will unfold.

So next, I shall cover the consolidated financial results for Q1. All the numbers are in INR. Revenue for the quarter stood at INR 664 million as against INR 706 million for the previous quarter. Normalized EBITDA for the quarter is at INR 43 million as against INR 53 million for the previous quarter.

Normalized PAT for the quarter is at INR 128 million as against negative INR 6.6 million for the previous quarter. PAT for the quarter is at INR 128 million as against negative INR 176 million including exceptional items in the previous quarter.

So, thanks for listening and now as always, I'll break for the real action, your questions and comments.

**Moderator**

Thank you, ma'am. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, if you have any questions, please press \* and 1 on your telephone keypad.

The first question comes from Jitendra Bhutoria, an individual investor. Please go ahead.

**Jitendra Bhutoria**

Good evening.

**Nisha Dutt**

Hello.

**Jitendra Bhutoria**

Hello. Good evening.

**Nisha Dutt**

Yes. We can hear you. Please go ahead.

**Jitendra Bhutoria**

Yeah. So now, I could see this time, at least, we have reduced the losses on that Sectario thing, and it seemed that we have turned a bit profitable. So my question was, the last con call, we discussed there were two long-term contracts in Sectario wherein one was closed out and the receivables were provided for. And the second contract, you were trying to close out pre-closure because since that was a three-year long-term contract. So, I would like to know what is the status of that pre-closure, one?

Secondly, as of now, how many employees are still working with Sectario? Because at that point of time, there were 57 employees, and then you said it will be scaled down to about 25 and then further down. So, what is the status on that? You can tell me.

**Nisha Dutt**

Okay. So, in terms of contract, you're right. There were two contracts. The first one we provided for last quarter, and we continue to try and recover that amount. So, that track is ongoing.

The second contract, again, we don't have any exposure there per se, but what we are trying to do is exit that contract. The negotiations have started with the customer. Negotiations have started, and we continue to negotiate our way out of that.

Because as you can imagine, these are contracts that also have implication for the customer, and they have to find an alternate vendor. So, these are not very straightforward negotiations. So, it's taking some time, but we are in active negotiations right now. So, I guess short answer to the thing is that we have not closed that yet. We are still in middle of negotiations.

In terms of employee strength, you are right. We were at 57. Currently, as we stand, we are at 2 employees. We are down to 2 employees.

**Jitendra Bhutoria**

Down to?

**Nisha Dutt**

Two.

**Jitendra Bhutoria**

Two people?

**Nisha Dutt**

Yes.

**Jitendra Bhutoria**

Okay. So, that's really great. Now, my next question is, now you have proposed investment in this SME Subex Middle East, distinct, about some INR 35 crore.

**Nisha Dutt**

Sorry. I didn't catch that.

**Jitendra Bhutoria**

Yeah. You are proposing an investment in Subex Middle East. Right?

**Nisha Dutt**

Yeah.

**Jitendra Bhutoria**

Some INR 35 crore, I suppose.

Nisha Dutt

Right.

**Jitendra Bhutoria**

Right now, the net worth of, this Subex Middle East is negative by about INR 34 crore what I could understand. So, is it the reason that in order to get further orders, you would like to have that company net worth positive first and then capital inflow so that you can grow accordingly? So, what are your plans on that?

**Sumit Kumar**

Yeah. So, this side Sumit here, you're bang-on on that, positive to just make this capitalize that entity because there are certain orders coming to that entity. And it has to be net-worth positive. So, that's the thing. That's the plan. And then the point is just move.

**Jitendra Bhutoria**

So, what are your plans, basically? How would you like to scale up that once you are putting this INR 35 crore infusion into that company?

**Sumit Kumar**

So, again, it's a strategic thing whereby a lot of customers are interested to that market. And the business is more about it sorted out of our subsidiaries, and one of the key subsidiaries are Middle-East entity. And we are going into that market, and for that, we need to invest into that entity. And that's how it is, that's the plan.

**Jitendra Bhutoria**

Okay. Thank you.

**Nisha Dutt**

Thank you.

**Moderator**

Thank you. The next question comes from Mahesh Kumar, an individual investor. Please go ahead.

**Mahesh Kumar**

Good evening. I have two questions. First question is, what is the target addressable market for FraudZap? And how many POCs you are doing at the moment? And how many POCs you have completed? That is the first question.

Second question is, now you are saying you are building the pipeline for the products. So, what is your road map for providing AI to the telco? Is there a thought process to venture into other enterprise AI? So, these two questions.

**Nisha Dutt**

Okay. So, I think we are doing one POC right now on FraudZap and we have one more lined up. So, that's kind of as you can imagine, we have just launched. So, I think given that we have two in the bag is a good start for us.

In terms of total addressable market, I think it's similar to what fraud market is, actually. Not the overall fraud market, but the specific one that frauds are confirmed. So, this is more of a single use case thing. Right.

**Mahesh Kumar**

Last year, in conference calls, you have mentioned that handset fraud product has been launched using AI.

**Nisha Dutt**

Correct.

**Mahesh Kumar**

So, how many orders you have received until now after one year? You told you have done some POCs on that handset?

**Nisha Dutt**

Honestly, I don't have the number at the top of my head, but at least we have three that we have already done. In fact, we have received revenue. These are not POCs. This is like a full-blown commercial engagement that we have on handset fraud.

Top of my mind, I already know three, of course, that we have worked for them. All the three are Tier-1 patch.

**Mahesh Kumar**

So, they are now currently paid customers?

**Nisha Dutt**

Yes. They are.

**Mahesh Kumar**

Now, this fraud that is targeting what is trying to solve which problem?



**Nisha Dutt**

You want to take on, Harsha, maybe?

**Harsha Angeri**

Yeah. This is Harsha here. So, what we have seen in the market is that given the evolution of fraud, a lot of telcos, especially smaller telcos and MVNOs, are focused on solving only certain use cases for which they don't want a full-fledged solution. So, that is where FraudZap is targeted. Now FraudZap, the way it works is it will solve a single use case.

And the first use case we are focused on is handset fraud or device fraud, how you call it. And like Nisha mentioned, we've already delivered in three telcos this device product. And now, we have a pipeline where we will just deliver this single use case. It's not a full-fledged fraud management solution.

But what we have also now seen as the interest is even in the larger telcos where they want to very quickly add a certain new use case without going through, again, procuring or upgrading a full-threat fraud management solution. So that is where, again, there is interest in FraudZap, but for a single use case.

**Mahesh Kumar**

What is the market size for that?

**Harsha Angeri**

So market size, the device fraud itself will be in the \$2 billion to \$3 billion range. But I think amongst the overall fraud, this is growing at about almost 18% CAGR or so. So, it's a high-growth fraud segment. It is part of the overall fraud landscape itself.

**Mahesh Kumar**

No. If it is a \$2 billion market, why we are not able to get customers? What is the problem?

**Harsha Angeri**

No. We are getting customers like Nisha mentioned.

**Mahesh Kumar**

It is not reflected in the revenue. The revenue stagnated for last 8 quarters.

**Nisha Dutt**

No. I mean, we are doing this work, and this is a part of the revenue that you see. Right? So last year, we had significant order intake challenges. But despite that, if you look at the revenue, it's not sort of declined sharply. Right? It's kind of holding, and it's holding because some of these things are passed on.

**Maresh Kumar**

That is your legacy business. Your old customers are still sticky with that, and that is not going. See, that is constant INR 66 for last 10 years.

**Nisha Dutt**

No. Actually, not that one customer will continue to give you money for the next 10 years or 15 years. Right? That's not how contracts work. What happens is that there is a spike when you implement a contract. So, your revenue reservation from a specific customer goes across.

**Maresh Kumar**

See, what I am asking when you are building.

**Nisha Dutt**

And then there is an AMC, which is obviously minimal. Right? AMC is not going to make a lot of money. And I think, also, we have to remember that a lot of things that we were delivering legacy way. Right? So it's not that handset fraud was not ever getting solved. It was getting solved in a very, I would say, clunky way in a rules driven way. Right? Now it has moved completely. The velocity of how you solve that fraud has completely changed with GenAI.

So, what we are trying to do is that we are shifting that. So, what you're seeing is the quality of revenue is shifting now. Right? It's become more AI. It's a lot more that we are moving away from clunky things.

That does not mean that there is, it's a next new thing that, which was never solved. We are solving that. It's not that. But now that we can solve it with a great velocity, then now you can go to market faster for this because you don't need a platform, for instance, to solve this anymore. You can actually be very lightweight and still solve it. So, there is a different approach to this.

**Maresh Kumar**

And what is the road map for the new product pipeline that you have been mentioning you are building the pipeline? So, what are the problem areas, your pain points of the customers you are trying to address with these AI-first solutions?

**Nisha Dutt**

I think it's a mix of a lot of assurance and revenue fraud use cases. Primarily, I would say things like, device fraud. We are doing subscription fraud. We might do, like, API-based fraud. So, there's a whole road map that we have on the frauds, different kinds of frauds that we want to solve for customers.

We also have similar road map on the assurance cases that we wanted to do using GenAI agent. So, there is a road map that we are following right now, and we will be using GenAI to pretty much launch this, like billing anomaly, API based. So, there is a lot of road map that we have that we have created. So, we have it internally, and we are following that.

**Maresh Kumar**

So, when the growth is likely to come? See, main is growth. That growth is not happening.

**Nisha Dutt**

I agree with you. I mean, that has been a little bit of a disappointment even for us that we have been able to control the bottom line. I think, growth is something obviously I would say all over Subex, we are really working very hard to make sure that the top line also starts moving because bottom line, I think we have a fairly good control right now on the cost and the bottom line aspect of it.

The top line is something that we are really working very hard to make sure that we keep improving.

**Mahesh Kumar**

No, why it is not improving? Is it that your customer facing?

**Nisha Dutt**

This quarter, like I said, see, when the way our business works is it works on backlogs. Correct? So, obviously.

**Mahesh Kumar**

But YoY also, there is a decline.

**Nisha Dutt**

Yeah. That's why because YoY, I see.

**Sumit Kumar**

YoY, it is actually flat.

**Mahesh Kumar**

So, flat means it has declined only. If you take the inflation and all other way currency variation, it is a decline.

**Sumit Kumar**

Yeah. That is, yeah.

**Mahesh Kumar**

So, what I'm asking, what is the problem? Is the problem with the customer facing employee that you are not able to grow that business?

**Nisha Dutt**

I mean, as you can imagine, Mahesh, it's rarely one thing. Right? So, it's combination of things that not working, but we are obviously and we are acutely cognizant of the fact that this is a problem, and we are doing everything within our power to solve this problem right now. So, completely aware of it, and I also understand, you know, shareholders' disappointment on the growth aspect.

We are equally disappointed as management. So, we are working very hard to solve that, but it's rarely one thing. Right? I mean, to say that it's only a customer facing person. Okay. Sorry. Go on.

**Mahesh Kumar**

If customer facing employees are not delivering, you have to take a tough decision.

**Nisha Dutt**

Which we have taken, actually. This is not something that you will see us hesitate at all. In fact, I don't hesitate on these decisions at all. These decisions have been taken.

**Mahesh Kumar**

We have supported you taking out IoT, taking out your IDCentral, but on main business, we are not doing.

**Nisha Dutt**

No. Mahesh, a lot of hard decisions have been taken in the last two years. We have shut down businesses. We have exited contracts.

**Mahesh Kumar**

Business shutdown is okay.

**Nisha Dutt**

We are hardly the people who will not take hard decisions, but what I'm saying is that growth is not such a straightforward thing in the sense that if I just change the sales guy, it will just suddenly start growing. That's an oversimplification of that problem.

**Mahesh Kumar**

No, if there is talent problem and the customer facing employees. I'm trying to understand the problem, which is not able to deliver the growth.

**Sumit Kumar**

Mahesh, just to add, as you know that, it is a bit of order book business. It is not like a retail; you just go and convert that into revenue. So, you should appreciate the fact and what Nisha has told last year and in our speech also, we had seen a lower order book, okay, which eventually is impacting and translating into the revenue now. And that's how the entire exercise last year and last couple of years is to how to make us relevant and we come as a profitable.

So, that we have demonstrated, and the revenue side as revenue in the market itself is bit of a shifting with new GenAI and other things are coming, and we are now answering to the market with the launch of our new product suits. And probably and this piece is the revenue is quick because it's a lighter implementation. And once we prove our POCs, which we have proved on our handset fraud and other aspects around, the revenue will be faster, and we'll start looking the growth there.

And as a management team, we acknowledge, like, we have not shown a growth, but, yeah, this is what as a team we are working towards to make this happen.

**Mahesh Kumar**

Okay. I will join the queue for another question. Okay. Thank you.

**Moderator**

Thank you. The next question comes from Chirag Kachhadiya from Ashika Group. Please go ahead.

**Chirag Kachhadiya**

Hello. Am I audible?

**Nisha Dutt**

Yes. You are.

**Chirag Kachhadiya**

Yeah. So, I have a two-part question. The first continuation of one of the previous participant, like, the growth is not coming. Okay? And we are developing products and new initiatives also in the place in the company.

So, just want to understand what is our ground strategy to empanel more and more clients and initiate the sales engine and push the sales engine. If you can do some detailed qualitative insight, like, as a strategy within organization, what they are doing and how they convince to motivate the employees to push the sale. And also what sort of communication and discussion ongoing with the clients to move the needle of the size engine?

And second, in filing, you mentioned that we are investing around INR 34 crore to INR 35 crore in the one of our subsidiary, which is owned by 100% as the parent. And that is mainly for the working capital need to fund the growth. So, what top line multiplier from that INR 34 crore to INR 35 crore kind of capital we are expecting and by what time? Yeah. Just these two questions.

**Nisha Dutt**

I can take the first one, then I'll request Sumit to talk to you about the INR 35 crore investment in the Middle-East entity. So, I think in terms of growth, right, like I was explaining to Mahesh also. So, first of all, all of us need to kind of be just to give some context setting. Right? When you launch a product, you don't eat the fruit the moment you plant the seed. Right? You have to give it some time for it to grow, for it to get traction, and for it to you'll start eating fruit. So, this is our attempt. So, why are we then doing this? Right?

There are two-fold attempts. One is we need to make sure that we are keeping our customers current. But more importantly, I want to get into a product line where the deployment like I said, the deployment cycles are very short or almost, I would say, negligible. Right? What that does is that it makes for quicker revenue.

So, I don't have a product that I have to go install, sit before I can take subscription. So, we are also trying to get into because with GenAI, we have ability today to build and deploy products much faster than we did in past. So, we are trying to be a part of that wave and to see if we can launch a host of or a suite of point solutions that customers can use and deploy very quickly, and revenues can start flowing.

Again, these are not things that will give you million dollar revenues and all that, but then this is what I would say is the velocity is very high. These are high-velocity products, which have been missing in generally Subex's portfolio. Subex has always been about a little bit of implementation-heavy business. So, we are trying to change that product mix a little bit. So, that's one thing.

The second is we need to kind of be when we say that we are an insurance and fraud business, we need to make sure that we are solving the next problem. Right? And as you can imagine, the fraud is completely changed. It's more digital fraud now. All of us experience with day to day. So, I cannot sit here and solve frauds of yesterday. Right? So, I need to solve it what's coming down the pipeline, and that has to be solved through GenAI.

Now, coming back to the growth challenge, it is a little bit complex is what I was trying to explain to Mahesh as well. So, it's not that if I change the sales guys, the growth will come automatically. It does not work like that. These are long product cycles. These are long sales cycles. Our sales cycles are almost to the tune of 9 months to 1 year that you have to nurture account. Most of it is RFP driven. So, an RFP that gets launched, to the closure of the RFP actually takes good 8-9 months. So, this is not something that is very quick action.

So since last year, our order intake was a little bit any mix, what that has done is we are essentially in the business where when I sell something, then I eat from it for next 3 or 4 years. So, if my order got moved quarter to quarter, my revenue also subsequently or I would say same proportion start getting moved. So, that is the relationship here. And like I said, now our order booking seems to be coming back on track, which means that in subsequent quarters, we'll be able to make up for it. But the fact that does not take away from the fact that it does have an implication.

So, if our deals start getting moved, it does have an implication on our top line. In growth challenge, I know that we have been stuck in a certain range for a while. It's also true, but I would say that this is something that we need new products to take to our telcos. We have a lot of new products to take to the pipe. So, we have 100, 150 telcos with us. If we can offer them new things, then I think this is going to be a win-win for us.

So, yes, we seem to be running into some amount of growth challenge, but one that I think will be over this quite quickly. So, I think stay with us. This is something that we know how to solve. It's taking us some time, but we'll get there. We know what the challenge is right now. And it's a mix of the frontline teams, it's a mix of product, it's a mix of our market, it's a mix of your conversion cycle.

So, there are a few factors at play here, and we are trying to find that balance, which will put us on heavier trajectory as far as growth is concerned.

Do you want to answer the INR 35-crore question?

**Sumit Kumar**

Yes. So, again, as I explained, this is more about how we do our business, we have a friend company, which is like specifically for Middle-East. We have a Middle-East entity. They are in contracting with

the customer. So, it is kind of a marketing unit whereby, they pick the contract, then there is a sales force attached, and there's some other field guys that are attached. And entire work has happened out of the India.

So, it's a bit of a global transfer pricing arrangement between two subsidiaries or companies around, and the work happened. So now, historically, this entity just slightly had a net worth issue. And because of that, there's a contracting issue that's happening. So, now we are just funding this company.

The working capital cycle will remain same in the sense group working capital is holding around 90, DSO as such is holding around 98-100 days around. So, we are there as it's a control thing, and it will be more about the intercompany funding around on this company. As such the working capital, framework remains same. It is bit of a making this entity viable enough to pick the customer contract to hold this up.

**Moderator**

Thank you. Ladies and gentlemen, if you have any questions, please press \* and 1 on your telephone keypad. I request the participants to restrict with two questions in the initial round then join back the queue for more questions.

The next question comes from Sanjyot Khare, an individual investor. Please go ahead.

**Sanjyot Khare**

Hello. Good evening. Can you hear me?

**Nisha Dutt**

Yes. We can. Hi, Sanjyot.

**Sanjyot Khare**

Yeah. Hi. Good evening. So first of all, really a great work. Congratulations on this kind of tough market. At least the operating performance is improving. That's a good part. We are seeing telco revenue is still flat. And you mentioned that there is some deal spillover happened from probably last quarter to probably this quarter. The spillover, does that mean that some closures where they did not happen in the last quarter and it should be happening in this quarter?

If that's the case, then if you can share more detail on this deal, whether size or when it will be effective to get revenue? And I just want to understand like how the business scenario looks now. I mean, is it the tariff part is still impacting, the decisions are taking longer time or are we seeing improvements in closures or at least customer decisions are getting better compared to last quarter?

**Nisha Dutt**

So first of all, yes. I think our daily closure velocity has improved, definitely significantly improved compared to last year with the challenges that we were facing. Some we have announced. Some of them we haven't announced, but put it in the investor deck because for me, it's, like business as usual. And we usually only announce the significant one.

So in that sense, we have not made announcements, but you will see in the investor deck that we have mentioned a few there. So, that's there. I think in terms of decisions and all that, we are seeing two things challenges. One is, see, decisions are still slow because telco themselves, if you look at it, they have those challenges. Right?

They're only growing from I would say about 2% globally. So, it's not that telcos themselves have high growth right now. So, telcos themselves have quite a bit of challenges at their end. And when they have challenges, a lot of it is obviously going to percolate down to us. So, I would say that there are those challenges.

There are two, three other kinds of things that we are facing. One is in some geographies, I would not say it's a tariff, but it's a currency issue that we are seeing. What that means is that I have the deal, but there might be currency challenge because that country may not have USD or that country may not have euros or USD or fixed currencies to give us in hard currency. So, we are seeing that sometimes we do have deals, but we are having to sort of really take our time to decide whether we want to pick those deals up or not because of hard currency challenges.

So, I think that challenge continues. I've seen that becoming a little acute over last year and this year. So, there are deals that we could have technically picked up, which we are sort of shying away from. So that's one challenge which we are trying to overcome. The second one that I'm seeing more and more is that there is a lot of margin pressure on deals.

So, what's happening is that customers, they are not postponing the decisions, but they are elongating the decision. So for instance, in an RFP, typically, a deal would get closed with one BAPO round. Right? I mean, they would ask all the vendors to do a BAPO, which is best and final offer. Typically, one or two BAPOs on the deal would be closed.

They would pick someone award and move on. Now, more and more, I'm seeing that in deals, people are going to four or five BAPOs. But what that does is that it keeps elongating the decision time. Right? So, it's not that they are not making a decision, but now every BAPO takes two weeks. If they are doing four or five BAPOs, then that's 10 weeks short right there, actually.

So, we are seeing some of those things which are, again I think it's the nature of the beast. We just have to deal with it. So, these are the challenges that I'm seeing. Not directly tariff per se. I think tariffs and indirectly, what we are dealing with is a currency impact. There are some countries that may not have the hot currencies. Now, the currency reserves are running low, so that's a sort of, it's an indirect thing. It's not direct.

So yeah, I mean, if that answers your question, that's the kind of dynamic that we are seeing in the market play out right now.

### **Sanjyot Khare**

Sure. And in this quarter, some INR 14 crore, I think, has been considered as a part of tax refund, I think, in the Q1. And total tax refund was, I think, received is INR 34 crore. So, is it remaining INR 20 crore will be recognized in the next quarter?



**Sumit Kumar**

No. See, the tax refund has two components. One is the interest which we got, another is the principal associated with that. So, we have received entire INR 34 crore. This quarter, we booked the interest income to the tune of around INR 12-odd crore, and the balance is a principal component to us for that.

So overall, INR 34 crore comes to the bank at this one, and the interest was INR 11.39 crore. So, everything has been recorded to answer straight on this.

**Sanjyot Khare**

Okay. Alright.

**Moderator**

Mr. Sanjyot, can you join back the queue, sir.

**Sanjyot Khare**

I just not finished the question. Can I just finish the question?

**Sumit Kumar**

Yeah. Go ahead.

**Sanjyot Khare**

I'm saying that the next quarter, you'll be having some recognition about the tax refund or there won't be any recognition in the next quarter?

**Sumit Kumar**

There is no tax refund because whatever order we have received, we have already realized that. INR 34 crore was the thing. We do have some income tax refunds pending with the department, which is under the process. Still, the order has not received. So, as and when it's received, as a process, we keep informing to the stock exchanges, and you will get to know if we receive on that.

**Sanjyot Khare**

Okay. Sure. Thank you.

**Sumit Kumar**

Okay.

**Nisha Dutt**

Thank you.

**Moderator**

Thank you. The next question comes from Malav Desai, an individual investor. Please go ahead.

**Malav Desai**

Hello?

**Nisha Dutt**

Yeah. Hi, Malav.

**Malav Desai**

Hi, madam. Thanks. You are back to the black. Thank you very much. My question is that, regarding two questions.

One question is, for, that your marketing person and two senior person who left the company, is there any problem with the management or what? That is one is that Suraj Bala Chandran and Shankar Roddam.

And the second question is connected to that question that one recruitment from Poonam Wadhwa, marketing person. Right?

**Nisha Dutt**

Correct.

**Malav Desai**

Right. And she is from Comviva, Tech Mahindra.

**Nisha Dutt**

Correct.

**Malav Desai**

And you have a joint fair at Copenhagen that is with Tech Mahindra. Is there any correlation with, this company is going to take over or Tech Mahindra or like that? Anything, like that? Something inside running in the company?

**Nisha Dutt**

No. Malav, I definitely do not have any insight or anything for that sort. But just to answer your question, first of all, yes, the marketing person had left us, but then Poonam is the replacement. You've got the news already. So, Poonam has already joined us. So that position is filled.

Again, in terms of, Shankar, I think, left us I'm now trying to think maybe I think it was Suraj. Right? You said Shankar or Suraj? You said Suraj. Okay. So, Suraj left us recently, but Suraj worked with us for

a very long time. There are no issues per se. I think Suraj has been, he was a fantastic employee. He was working for us for a long time.

**Malav Desai**

Yeah. He was with the earlier that 2008 with the company.

**Nisha Dutt**

Yes. He was there for a long time, and he has moved on for to do something different right now. So, I think he has kind of left and this has also been one of the asks, I think, of, shareholders repeatedly in many calls that we should be looking at revamping our sales team. We should be looking at getting different kind and new energy and fresh blood.

So, this is also our effort to see if we can bring people from outside and bring people who come from, I would say, related industries, but not exactly, people who are really doing the same thing. So, this is also our efforts to listen to a lot of shareholder feedback. Right? We have heard your feedback.

And what we are doing is we are also trying to revamp our team to see if that we get a better result. Obviously, sales is more visible, but you will see that we are trying to make that revamp effort across the board in the company.

**Malav Desai**

Right. Thank you very much. Thank you.

**Moderator**

Thank you. The next question comes from Ramesh Pillai, an Individual Investor. Please go ahead.

**Ramesh Pillai**

Hi. This question is for Sumit. So, I just wanted to check the non-operating income kind of reflects INR 11.4 crores, which you mentioned is from the IT refund. I wanted to check what's happened to the principal amount while you did mention something to someone who checked earlier, but it is not clear.

The second question is, can you please expand on the other income? So, there is around INR 15 crore, which has been showcased in the in the balance sheet. And one last check is for Nisha. Are we still invested in PrivaSapien? Those are the nine questions, please.

**Sumit Kumar**

So, quick thing on the interest. Let me rephrase myself. So, we have received INR 34 crore as cash towards the refund amount. INR 11.39 crore pertains to the interest component, which is shown as a part of the other income. And balance is towards the income tax refundable asset, which is the balance sheet item, that has been knocked off.

So, basically, that portion so, obviously, you will see we have not reported the balance sheet because this Q1 normally is not a balance sheet quarter for us. So, once we publish the H1 result or Q2 results, you'll see that the income tax asset has reduced drastically in the balance sheet, and that is basically a realization of that asset. So, that's just clarifying on this INR 34 crore net.

On the other item which you asked about, what are the breakup of other income? So, if you might have heard, Nisha has told is what we have done is in our Bengaluru office, we did bit of a consolidation. So, we used to own two floors to that office. So, one floor, we have given up. For that, we got some lease termination gain. Okay? That is, again, rooted to our P&L. So, INR 2.6 crore is towards that.

So, net-net, that is the amount eventually goes as other income apart from our treasury income, which is anyway as a routine, which so because we have now on balance sheet holding around INR 135 crore, and we have some investment towards the fixed deposits and safe assets. So, that gives us other income. So net-net, this is the two, I will say, is one-off income comes in this quarter. One is income tax interest component and another is the lease termination gain of INR 2.6 crore.

**Ramesh Pillai**

Okay, clear. Thanks.

**Nisha Dutt**

Yes. Our investment in PrivaSapien continues right now. So, we think we are excited about the area that we are in, which is privacy and responsible AI. So, we believe as a space that's going to become more and more important. So in that sense, we still think that it's a good investment.

So, we continue to stay invested. We are tracking how they are doing. So, yeah, as in when they kind of, if there is a movement in their end, we'll sort of come back to shareholders and inform.

**Ramesh Pillai**

Okay. That's it from my side. Thanks. Best wishes.

**Nisha Dutt**

Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. I request the participants to restrict with two questions in the initial round then join back the queue for more questions.

The next question comes from Abhishek Kale, an individual investor. Please go ahead.

**Abhishek Kale**

Hi, guys. Good evening. Am I audible?

**Nisha Dutt**

Yes, you are. Hi, Abhishek.

**Abhishek Kale**

Hi. One question. Why don't we see the management owning a piece of the company? I don't see them as shareholders, first, and that gives me zero confidence as an investor.

If you remember, in the last quarterly conference call, right, one very senior investor, he kind of alluded to the same fact that the Subex's employees themselves are not and the management. I have a very good feeling that the management doesn't have confidence in their own abilities and that's why they are not getting into buying the company stock. Right? So that is first question.

Second one is, the Sectrio order. Right? You mentioned that one of the contacts which we walked away from, what is taking so long for us to take the fastest possible route and start recovering the amount? I do understand, but these are things which are like, I had written that off. If you remember my comments, I said that that money is gone for us. Technically, I'm accounting that as zero.

But you guys sounded like, no, no, we have something at our disposal the way the contract is framed so that we can get this amount recovered. What is taking so long?

**Nisha Dutt**

Well, let me just take the Sectrio question first. It is going to take some time, Abhishek. To be honest, it's gonna take some time, and we are going to use every tool available in our arsenal.

**Abhishek Kale**

To quantify.

**Nisha Dutt**

Again, I am unable to quantify because what we are planning to do is that we have a strategy around, recovery. So, what we are trying to do is we are going to, we have sent multiple reminders. There is a legal firm also involved. So, there is a process that we are following. And should it come down to that, there might be a lawsuit. There might be some claims and counterclaims.

So, this will go into a process. And as you know, with legal things, we don't know how long it takes, what it takes. So, we are trying to see if we can settle it or if there is a way that we are able to recover it in a simpler way. But if, not, then we will take whatever necessary steps we have to. In fact, we have already taken some steps in that direction.

So, that's why I'm not able to answer in terms of, is it one quarter? Is it two quarter? And, again, this is not a recovery that India-based recovery. Right? It's a different geography. So, it might take us some time too because we have to now fight a case in that geography. So, the law will take its course. We have actually done our bit. We have done all the diligence. We have prepared all the documents. Everything is ready from our side, and it will take the time it takes. Honestly, I don't have a clean answer to that. Will we be able to wrap it up in two quarters? I don't know.

But we think that we have a great case, and we think that this is something that we should pursue. So, as Board, as Management, we are very firm that we will pursue this with all means available to us. And that's why I was saying that we do believe some recovery will happen. So, that's on the Sectrio side.

On, management owning shares, see, first of all, I think, ESOPs, as you can imagine, are designed by the Board. A certain design is given and people have to subscribe according to that, and it's more or less sort of allocated, right, to every employee that you are allocated x number of shares and all that.

And employees exercising and all, it has multiple components. Right? Employees exercising shares is basis, their financial situation or what they want to do at that point of time. But, again, I've always felt that there are many companies where people have never had any share.

In fact, they have never had any ESOP, but they have nonetheless done a fantastic work actually for that company. So, I don't think it comes in the way of commitment, honestly, because, I mean, even personally for me, I have never seen that. I don't think that my commitment to Subex.

**Abhishek Kale**

No. Nisha, you're misquoting me. I have not said anything about the commitment of the management. I'm saying this from the perspective of investor confidence. See, the commitment and all that is not visible to us on the outside. You be at my place and tell me how, if you guys are burning midnight, I'm fine. I'm not privy to that. Right? But what I get to see from the exchange disclosure is what piece of company you guys are owning, right?

And that instills the confidence in me. We are part of the same group as I would say. And given mutually benefit, I mean, your hard about you will get to see more fruits of it, and we as shareholders will also enjoy the benefit. But, I mean, I'm not able to understand. And that ESOP thing and all policies can change. Right? It's not like it's engraved in stone.

**Nisha Dutt**

Honestly, Abhishek, this is a nuance here, which I'm honestly, for lack of better word, I am unable to kind of get into the detail of it. There is a nuance here why this has not happened. But I think what we have to do is, obviously, in current scheme, I think it has expired, so we will be taking an approval for it in the current upcoming AGM.

But this is also a Board-level discussion, and this shareholder feedback, I have taken it. And I've taken it last time, and I'm hearing you again today. I will take this back to the Board because there is some nuance here because of which some of it has not happened. And I will make sure that the Board gets to know about your feedback. I'm unable to get into more details, honestly.

But, again, rest assured, I understand where you're coming from, the shareholder confidence. I kind of, I'm with you. I don't have any debate on that. But rest assured, please, know that whether we are incentivized in that direction or not, obviously, this is something that the whole management is working very hard. So, I wouldn't, say that there is any lack of commitment from our side.

**Abhishek Kale**

Again, Nisha, I'm not saying.

**Nisha Dutt**

No. I completely agree.

**Abhishek Kale**

I've never said. I don't doubt your guys' commitment. Okay? I have never said that. Have I said that in this call? No. I am questioning whether they have confidence in their ability is what I have said. Right?

**Nisha Dutt**

No. I mean, again, I think that that would be an oversimplification of the problem, which is to say that because I don't have confidence and hence, I am not, I mean, honestly, if we didn't have confidence, why should I be here at all, right, doing this job?

**Abhishek Kale**

Perfect.

**Nisha Dutt**

No. I agree, Abhishek, and you are not wrong in asking that. But my point is that, it's not as simple and straightforward where if I just have and yes, I would be fellow traveler with you if we all had, let's say, stocks in the company, then, of course, we'll be fellow travelers with you.

So, it's a little bit more nuanced of why that has not happened. And, again, I will take this discussion back to the Board and this feedback back to the Board. And, again, rest assured, we are still fellow travelers with you.

**Abhishek Kale**

Okay. Thank you. I appreciate it. And again, I apologize if it came out the wrong way that I'm doubting anybody's commitment in that regard.

**Nisha Dutt**

No, not at all. Actually, you are all very well within your rights to ask us anything, actually. So, I never take anything. No offense absolutely taken.

**Abhishek Kale**

Thank you.

**Nisha Dutt**

Thank you.

**Moderator**

Thank you. The next question comes from Hemal Kapasi, an individual investor. Please go ahead.

**Hemal Kapasi**

Namaste. Madam, actually, we are investor in the company for the last 10 years, and we have gone throughout the ups and downs of the company. Now, if I summarize what has happened in last 4 or 5 years, then saying up to 2021, we were having the top line of around INR 90 crore, INR 95 crore every quarter. So, yearly around INR 360 crore odd. Okay?

Then company came up with a proposal under the direct receipt of Mr. Vinod that now we are thinking to take our platform on HyperSense, and we will be able to get some more margins and more business with that product. Okay? So, HyperSense product was developed. Okay?

And if I see the last 3, 4 years old con calls, in no point of time, company told that there is any loss of customers. Okay? So, if we were doing INR 350 crore, INR 360 crore top line in 2021 and if I see the performance of the company in last 4 years, it is almost 30% down. So, whether pricing is wrong, whether we have lost customers and it is not intimated to the conference call meetings, and if whether the management who was aware that some contracts are not going to renew, then have they taken exits at higher prices? So, what has happened, I'm not able to figure out.

So, you are on the Board since 2015. So, I would like to have your views that how you see these things that instead of growth, we are degrowth. And at the same time, people from the, even management, all the, say, top senior management, ESOP holder, all exited. And in all con calls, in none of the con call, the company has said that we have lost a single customer.

So, how the 30% loss in business has happened with even, say, whatever product we were, like, HyperSense platform, we are not able to more margin, not get more margin. At the same time, sales is coming by 30% down. So, what has happened, actually?

**Nisha Dutt**

Okay. So, I think a few things have happened, but, obviously, let me just try and summarize this. So, first of all, HyperSense, when it was launched, right, it was not supposed to be a net new product. So, I mean, it's a net new product. So, we've had a product suite. Right? It used to be called Rock. So, HyperSense was supposed to be an upgrade.

So, what it was supposed to do was that all the customers that had Rock would then get upgraded to HyperSense. So, that was the strategy there. It was not that the HyperSense essentially, if you look at the capabilities of HyperSense, technically, it's sort of feature-wise, I would say it does the same thing that Rock does. But, of course, you know, it's an AI-plus platform, the engineering architecture or the product architecture is much more contemporary. So, it's a upgrade. Right? It's a higher order vehicle almost. It's almost like you go from 800 to an Audi. Right? So, it's almost like that, but both are doing essentially the same thing. You are driving up on the same road.

So, it was more of a upgrade kind of thing. So, it's not that you were able to unlock a new market with HyperSense. So, we were not unlocking a newer market. We were essentially still going to cater to that market. So right now, where we are is we have been doing that upgrade cycle. And when HyperSense was launched, and you are right, the revenues have picked up at some point of time. That's because with any new product launch, there is some amount of exuberance in the market. And we had signed a few contracts. But, now where we are is we are, again, in the same cycle. Right?



We are going and asking customers to upgrade to HyperSense. They are on AMCs. We have to convert them to MS. So, there is a cycle going on there.

**Hemal Kapasi**

But, madam, around INR 90 crore loss in revenue. So, we must have lost some big customers. Otherwise, how much the revenues have come down? Or our product pricing is actually faulty?

**Nisha Dutt**

No. Again, see, first of all, HyperSense, again, in terms of churn, right, if I look at overall churn for Subex in core business, our churn is quite low. It's around 2% or so. It's not more than that. So, it's not like we have churned a lot of customers, but, yes, you are right. We have lost some along the way in terms of not HyperSense, but let's say that we were doing an MS with someone, and they discontinued the MS contract, and they tried to enforce it.

So one of the customers, for instance, enforced it. Again, it did not happen during my tenure. It happened during previous management, but I'm aware that there were some of those things that we lost where a customer sent. We didn't lose it to a competitor. We lost it to the customer themselves that said that I will do cheaper MS in-house, my managed services. I don't want your managed services. So, we have churned out few customers like that. And as you can imagine, MS and all that is recurring revenue. Right?

So, when we have a loss of MS kind of customer, that shows on our revenue pretty quickly because it's recurring revenue, and the quality of revenue is typically good. So, that's the kind of churn that has happened. And you are right.

**Hemal Kapasi**

But madam, but that is not disclosed in any con call. In every con call, I knew, there are many other good investors who have many times cross-checked this that have we lost any during this transition to HyperSense, have we lost any deals? Have any customers not preferred our products? So, at no point of time it was discussed in con call that we are losing actually customers. Otherwise, shareholders would have also come to know that we are going to have degrowth.

Only some people in the management or senior management knew this. So, they took exit timely. And these normal investors, at no point of time, it was every time coming in the quarterly sales, there is no growth or degrowth. And everyone is thinking that if we are not losing customers, then how actually revenue is coming down.

**Sumit Kumar**

So, couple of things, sir. One is, as a part of the investor deck, we do report as annuity business, and that we show what is our retention rate. So, our retention rate is 95%. It's obviously a lose 5% of the customer. And it's the normal course of the business. There is always a churn happen. Okay? So that is one piece.

Another thing, as Nisha was trying to explain, it's an upgrade cycle which HyperSense is supposed to address. And if you remember some of the previous con calls when we have announced, HyperSense's entire model was a subscription-ready model whereby the revenue did shift. Okay? Because, our traditional model is there is a license based, then there is an implementation component, and then

there is EMT to that. And HyperSense's entire pricing was a subscription led whereby customer has to pay an implementation component, and then whatever the license and the AMC is factor as a part of our subscription. Okay?

So, there is a bit of a change because any industry which goes with the pricing model change, it will have a reflection to the things the revenue comes. And that's how if you see, it is not like revenue has declined past 2 years. It is actually, you can see the revenue decline from last 3 years onwards, whereby there is a dip. And, obviously, there was some cannibalization of revenue happen, not from a telco but non-telco because some of our Sectrio initiative has started giving some yielding, but it was burning more. And that's how the strategic decision has taken to come out from this market and double down our strategy around on the core.

So, yes, we all acknowledge there is a degrowth, but, the telco, obviously, the things are changing. The market is changing, and a new suite of product will eventually come back, and we will get the growth. And basically, I will say we are not degrowth. We are holding the thing at least past, like, 6, 7 quarters, we are holding the telco revenue. Now, we are looking some sort of growth will come with all sort of a new product lines around on this.

**Hemal Kapasi**

Thank you.

**Moderator**

Thank you. We have a follow-up question from Jitendra Bhutoria, an individual investor. Please go ahead.

**Jitendra Bhutoria**

So, I would like to know, in the last con call, you had discussed that based on the growth prospects of the company, company would be talking to some investors and roadshows and all in the third quarter of this year.

So, are we still focusing on that or is there any shift on that strategy at the moment? Because we are trying to grow by putting money into the Subex Middle-East, and we expect some growth plans to happen as the deal pipeline is strong.

**Nisha Dutt**

No. Actually, we do have plans to do an investor outreach. And in fact, if you remember, we had also discussed an Investor Day. So, that is something that, we would still want to kind of pursue. We are trying to figure out what the right time for that is.

So, either we will end up doing an Investor Day or we might do a road show of sorts. Ideally, it should be a combination of both, but that's very much on the mind to do that this year. And I think now that we have some consistent profitability in few quarters, this would be a good time to actually do.

**Jitendra Bhutoria**

Because I was waiting for an Investor Day that investor day, I was very eagerly looking at. But it didn't happen.

**Nisha Dutt**

No. Actually, we wanted to. In fact, we had also thought of doing it sometime, honestly, around this time. But, again, we thought that maybe we do Q2 and then as you probably know that we don't have an IR agency in place. So, I think we'll have to also appoint some sort of an IR firm, investor relations firm, and then do it in a more structured way instead of us the management trying to do it by ourselves.

We think we are better off getting an IR firm and doing it in a more structured and better way. But it's something that we have been thinking about where to do it, A lot of debate has happened internally. So, that's something that we are on. Don't hold me to this promise, but we will most likely end up doing it in mobile. So, it's on our radar right now. We are planning

**Jitendra Bhutoria**

Probably, it could happen in the third quarter or fourth quarter, you're saying?

**Nisha Dutt**

Fourth quarter, we will not do it. It will be too late. We'll do at some time point in Q3.

**Jitendra Bhutoria**

And if you can tell me, what is the quantum of these spillovers, as we have specified the revenues have been less in this last quarter because of some deals spillovers. So maybe, right now, we are already 45 days after the last quarter, 40 days. So, those deals have been closed or it's still in pipeline?

**Nisha Dutt**

Actually, again, it's an interesting question because I would say from our perspective, we think of it as closed, but we are again doing some dotting dice, crossing the base. There are places where one contract clause is getting negotiated. There is a place where we are waiting for, like, one PO. So that we already have a letter of award, but we are waiting for the PO. So, they are in different stages of closure, but I think we don't see any threats to the deals.

There is no threat that we are pursuing. It's just the procedural things that are taking a little bit of time. But yeah. So, that's why I said that we are starting to see momentum now.

**Jitendra Bhutoria**

So, when can we expect your INR 100 crore per quarter goal, target? As we have been hearing, actually.

**Nisha Dutt**

No, I am also waiting. This is something that's become my personal goal and target. It's become my aspiration, actually, somehow to get to that. So, I've been pushing the teams. We are working hard.

**Jitendra Bhutoria**

I just see the management is really working hard, shutting down the loss-making units, you're focusing on the telco business. And now, you have capitalized Subex Middle-East. These steps are in the right direction. I can really see that the steps are in the right direction.

**Nisha Dutt**

I want to get to a place where I can stand in front of all of you and very happily say that I said I would do it, and I've done it. I'm also waiting for that, honestly.

**Jitendra Bhutoria**

Absolutely. But some indication, you know, where we could think of. Although it's a forward-looking statement, but still some expectations, some of your internal targets that we'll be meeting by, say, 2026, 2027 or when?

**Nisha Dutt**

Again, I don't know, I mean.

**Jitendra Bhutoria**

What do you think of? Maybe, you know, I'm not building any more commitment.

**Nisha Dutt**

I'm saying that don't get forward-looking guidance.

**Jitendra Bhutoria**

Absolutely correct.

**Nisha Dutt**

Ramu is staring at me. So, don't give forward-looking guidance. But, I mean, obviously, we are far from that. But as you can imagine, if I'm sitting at INR 66 crore or in that range, I'm far from a INR 100 crore right now. But that's not to say that, we won't get there. It's not to say.

I think fundamentals have been fixed as you have also noticed and I think most of you have observed that by now. So, we were after a major cleanup, right? So, I think fundas are fixed. Now, we just need to make sure that, we start moving the needle on the top line.

So, Q1 is obviously always lower. In fact, I would say H1 is and then our business picks up in H2. So, I'm hoping that I'm still able to do something like that this year. But, again, we'll make all effort.

**Jitendra Bhutoria**

Thank you so much. Thank you.

**Nisha Dutt**

Thank you.

**Moderator**

Thank you. I request the participants to restrict with two questions in the initial round then join back the queue for more questions.

The next question comes from Mahesh Kumar, an individual investor. Please go ahead.

**Mahesh Kumar**

Nisha, multiple conference calls you have been mentioning to enter into adjacencies of telco, like OTT and video on demand and fintech. Is that study still on the road map? That is first question.

Second question, is it possible to view in Investor Day order funnel? Like, what Intellect design arena has been giving for last 5 years?

**Nisha Dutt**

Yes. Actually, we have shared that presentation with us. Right?

**Mahesh Kumar**

Yeah.

**Nisha Dutt**

Okay. I have seen that presentation. Let me sort of evaluate if we can do that in terms of order funnel. I think in terms of doing adjacencies, we are actually doing adjacencies. We do have contracts with a lot of telco wallets, telco fintech.

We have also done device for ecommerce. We have done fintech's. So, we do have. So, adjacencies are something that are very much a part of our road map. It's also a part of our revenue mix. I'm hoping that we grow that pipe, but it's something that's very much getting done as we speak. So, there is no deviation from that at all.

**Mahesh Kumar**

No. But it is never informed to the exchanges. So, we have no idea what is happening.

**Nisha Dutt**

I guess because it's a sort of ongoing. I mean, if you think about it, a lot of it is for business as usual. So, sometimes that's why we don't inform stock exchanges. But I'm kind of, if you have any queries, please feel free to write to us. We'll happily tell you what we are doing in case we've not informed you.

**Mahesh Kumar**

Right now, if you are doing some POC with some new customer or some new segment, at least that you should inform to exchanges, then we don't have to write you email. We will come to know what is happening.

**Nisha Dutt**

I think, we did a decent job of this time, right, with FraudZap and embedded AI and all that. So, I think I wouldn't say Subex is best at doing that, but I think we are doing a decent job now. But, again, I think feedback taken. We'll try and do more and more of it. Sometimes, like I said, we don't inform only because not because we are not doing that work, just because it's business as usual for us.

**Mahesh Kumar**

See, what is happening, the confidence in the management is very low as on today. So, unless you become proactive and share this information on regular basis with the exchanges, we will not come to know what is happening in the company. See, at least new POCs, new segment, all these you should inform. And once you reach INR 100 crore, nobody is going to ask you question again.

Unless your credibility is proven, you have to keep informing and bring transparency.

**Nisha Dutt**

Sure. Agree. Feedback taken. I think, when we had the IR agency in place, we'll also take their feedback and make sure that we enrich the deck. Right? We'll make the deck a lot more visible.

**Mahesh Kumar**

Multiple investor calls, you have taken feedback, but no action has happened on that.

**Nisha Dutt**

No, you can't say that. I started with three slides. Now, I think I'm down up to 7 or 8 slides in investor deck.

**Mahesh Kumar**

You just have a look at intellect design arena.

**Nisha Dutt**

No. I have added more deals. I have actually added the geography split. I mean, they have been hearing you and sort of acting on it. So, I think we have been kind of actioning a lot of shareholder feedback.

Obviously, you want more, and we'll try and see what more we can do, actually. But any point of time, again, outside of investor deck, which we do only once a quarter, if you have any questions or concerns or comments, feedback for us, please feel free to write to us, and we'll happily kind of talk to you.

**Mahesh Kumar**

Okay. At least new segment, new customer, you should inform to exchanges. We'll come to know. Like this, your FraudZap, you have informed to LinkedIn before informing to stock exchanges.

**Nisha Dutt**

No. I don't think so.

**Mahesh Kumar**

Yeah. It has never informed to FraudZap to stock exchanges in India. First time, it has come in the investor presentation.

**Nisha Dutt**

So, first of all, I'm sorry. I'm actually a little bit lost. Ramu, did you not inform FraudZap to stock exchanges in India?

**Ramu Akkili**

We have informed.

**Nisha Dutt**

We have informed. Yeah.

**Mahesh Kumar**

No, there is no announcement. You check. Last one month, there is no announcement on this.

**Nisha Dutt**

Okay. This is news to me, honestly.

**Mahesh Kumar**

You go to BSE website and you see it.

**Nisha Dutt**

No. Both we have announced.

**Mahesh Kumar**

It is not there. FraudZap is not there. See, before coming to today's call, I have checked again on the BSE website.

**Nisha Dutt**

Okay. I don't know how that was missed, but, honestly, our effort was to do both FraudZap and embedded AI for both exchanges.

**Mahesh Kumar**

Embedded, yeah, has come. That I have read. Now I have sent you email also on that.

**Nisha Dutt**

Correct.

**Mahesh Kumar**

FraudZap has not come. That is actually violation of listing guidelines.

**Nisha Dutt**

Okay. I'll get to the bottom of this because my understanding was that this has been done, but thanks for flagging it. Let me just talk to Ramu and get back. Okay. Thank you.

**Mahesh Kumar**

Thank you.

**Moderator**

Thank you. We have a follow-up question from Abhishek Kale, an individual investor. Please go ahead.

**Abhishek Kale**

Hello. Am I audible?

**Nisha Dutt**

Yes. Hi, Abhishek.

**Ramu Akkili**

Mahesh, check the 30<sup>th</sup> June announcement on NSE & BSE, FraudZap is there.

**Nisha Dutt**

Oh, yeah. It's there. I just saw it. In fact, I was googling. It's there, Mahesh.

**Abhishek Kale**

So, Nisha, coming back, see, what percentage of our employees right now are working on POCs? All part.



**Nisha Dutt**

I don't have a percentage for you, but I would be hard pressed to say that it would never be beyond, I think, 5% or so.

**Abhishek Kale**

Okay. And what is the amount of our top line? We are flowing back in group research because we have to be, like you said, with new things coming up in prod, you have to be ahead of the game. Right? So, what is the amount we are putting back in research, R&D spend?

**Nisha Dutt**

I think I'll have to come back to you with an exact, but it's a double digit. It's about, I think, 15%. Yes. 15% is our R&D spend.

**Abhishek Kale**

About INR 10 crore in this quarter? Right?

**Nisha Dutt**

This quarter, I can come back to you, but I know on the average, it is 15%.

**Sumit Kumar**

Annualized, 15%. This quarter, maybe here and there.

**Nisha Dutt**

Annualized, we do 15% or so, and we are also naturally setting up an innovation app specifically for fraud. So just to make sure that we are doing a lot of R&D on the new and upcoming frauds and the way that you will solve them. Right? Because we are also seeing a lot of innovative ways people are solving for this.

So, we are also setting up our own lab, which is likely going to be outside of India. So, we are trying to do some of that.

**Abhishek Kale**

Okay. One more thing that couple of deals that you said that we had a spillover, right, from Q1 to Q2. Any ballpark number as to what we are looking at in terms of the deal size?

**Nisha Dutt**

There are some big deals, actually. One of the significant deals that we will announce once we are able to close the sort of, like I said, we'll announce to the stock market. So, one or two of those are actually big and significant deals.

Again, yeah, I mean, it's a matter of opinion, but I think from our perspective, a lot of the effort was already done in Q1. We are just sort of doing some administrative formalities right now.

The number of deals, if I were to speak in terms of numbers, I would say it's about five or six, thereabouts.

**Abhishek Kale**

Okay. If I may squeeze in one more question, please.

**Nisha Dutt**

Sure.

**Abhishek Kale**

See, I've been following the company on LinkedIn. Right? You guys whenever you have a POC or something significant to make an announcement for. Right? You listed out on LinkedIn, it's all there. But what I feel is in the present environment, see, nobody is going to take money out of their pocket and pay us. As is the company, they would not like to make out an extra spend. So, these are some things that are nice to have. Right? What if we get into a discussion with our client, the existing client, wherein we do not have their FraudZap installation. Right?

And we go and tell them upfront that, guys, if you implement this, right, or I will put in some money in trying to implement it. That is my capital going into it or I would use the term sweat money for the lack of better term, I'm going to put in my sweat equity. And whatever savings that you guys realize, say, because of those petty calls not congesting the network and the telco saving x dollars. Right? So that would be something proactive wherein we are now testing our solution. And then if the customer is realizing benefits from it, I mean, it is like a live lab that we have got our hands in. Right?

**Nisha Dutt**

Yeah. So, you mean gain share kind of agreements. Right?

**Abhishek Kale**

I'm not familiar with that term, so pardon me for my ignorance.

**Nisha Dutt**

Yeah. So, it will be like a value share, gain share kind of agreement.

**Abhishek Kale**

Yes.

**Nisha Dutt**

Yeah. No, that's something that we do first, which is typically what we do is that we'll say that, give me a certain amount of retainer to deploy my model. And then, whatever you say, I take a percentage out of that.

So, gain shares and all that, they are pretty much, it's a part of our playbook. It's a part of the playbook of how to go to market. We don't do it for every contract, but obviously, as you can imagine that gain share contracts, you have to be careful about in the sense that, you should not have your overall revenue exposure on, gain share should not exceed a certain percentage.

So, we kind of keep an eye on that, but it's very much a part of our playbook, Abhishek.

**Abhishek Kale**

Right. But, Nisha, the reason I'm saying this is, at this point in time, our new product, I mean, say, FraudZap, we have just launched FraudZap 1-1/2 months old, if I were to use that?

**Nisha Dutt**

That's correct.

**Abhishek Kale**

Say, I get that tested in the live environment, and even if I have to make a spend on it. I, as a company, has to make a spend on it. Right? What's the harm in doing so? Because, see, very fast, I will realize where I'm going wrong or the customer realizes that there is real value in this product.

It can go both ways. Right? One is a learning for us, and the other is a revenue for us. Right? The sooner we do that, agent methodology. Right?

**Nisha Dutt**

But, Abhishek, in FraudZap, we are seeing a commercial pool for the product, actually. We need to pay money. There is in fact, I would say POC also required per se.

**Abhishek Kale**

I just took an example of FraudZap.

**Nisha Dutt**

I agree with you. I think that's a sound advice. When it comes to trying to put our products faster into the market, then that playbook will be useful. You're right about that.

**Abhishek Kale**

Thank you. That is all for me.

**Harsha Angeri**

One additional point, Abhishek, is where the environment or technology is a bit uncertain, for example, in the AI agents, we have actually done that today. So, as we speak, the agents are investigating fraud in Tier-1 telcos, and they're we have done exactly what you said.

So, we worked with them and said, we will deploy, we will put the infrastructure. We need real on the ground feedback. And we want also humans to investigate so that we have very good data to compare, how our agents is performing vis-a-vis the humans so that our business can also become solidified.

So in that particular scenario, we are exactly doing what you are suggesting.

**Abhishek Kale**

Okay. So, I'm saying if there is an opportunity because I'm not privy to every installation that we have. Right? So, if there is an opportunity that we can explore, see, right now, we are in one sense if I were to look at, Harsha, is the top line has become a challenge for us. Right?

I have people who are extremely talented. I have been so, but there's people who are extremely talented. We have a solution which we think is a great fit. Right? Let's deploy. I mean, let's take the cost. That would be my R&D spend. Why spend in that innovation lab in-house? Why not go, take it to the customer? Do it at the customer's line. And if you see the savings, we do the gain share.

**Harsha Angeri**

Point taken. And, actually, like I said, in certain areas, we've already started, but yeah, point taken. I think we can kind of broaden this.

**Abhishek Kale**

Thank you. Thank you, Harsha.

**Moderator**

Thank you. That would be the last question for the day. Now, I hand over the floor to management for closing comments.

**Nisha Dutt**

Yeah. Thank you. So, thank you all again for joining us today. Again, like I said, your questions and feedback keep us sharp. We have noted some of the feedback. We'll take it back and process it with the Management and with the Board as appropriate. I am acutely aware of the challenges of the company and your frustrations as well.

Believe me, so we are working very hard on getting growth back on track. We have delivered on the bottom line, which we will continue to sort of make sure that we have diligence on that aspect. Top line, we will do our very best to ensure that we come back on track.

I think we are getting back on track, but, again, delivery of it will matter to you. So, that's something that I've heard you loud and clear. So, I think, we'll work on that. And, hopefully, we'll do better quarters as we go forward in the year.

Thank you again for staying with us, keeping us sharp. And as always, if you didn't get to ask your question today, please write to us. We'll be happy to answer your question at any point of time.

Thank you, and I will see you next quarter. Bye-bye.

**Moderator**

Thank you, ma'am. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a good day.

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**Note:**

1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.