



Subex Limited
Q4FY25 Conference Call

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CORPORATE PARTICIPANTS:

Ms. Nisha Dutt
Managing Director and Chief Executive Officer

Mr. Sumit Kumar
Chief Financial Officer

Mr. Ramu Akkili
Company Secretary

Q&A PARTICIPANTS:

- | | |
|------------------------------|-----------------------|
| 1. Jitendra Bhutoria | : Individual Investor |
| 2. Mahesh Kumar | : Individual Investor |
| 3. Abhishek Kale | : Individual Investor |
| 4. Sagar Desai | : Crown Capital |
| 5. Sanjay kumar Sethi | : Individual Investor |
| 6. Sanjyot Khare | : Individual Investor |
| 7. Darshil Jhaveri | : Crown Capital |

Moderator

Ladies and gentlemen, good day and welcome to Q4 FY2025 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 touchtone phone. Please note that this conference is being recorded.

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

Ramu Akkili

Thank you very much. Good morning everyone who have joined for this earnings call for the quarter and year ended March 31, 2025. Now I would like to introduce the members of the management who are attending for this call. Ms. Nisha Dutt, Managing Director and CEO; Mr. Sumit Kumar, Chief Financial Officer; and myself, Ramu Akkili, Company Secretary of the Company.

I would like to start the conference call by going through the safe harbor clause. Certain 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. Thank you.

Nisha Dutt

Good morning, everyone, and welcome to our investor call. Thanks for joining us today as we share updates for Q4. As you've seen from the results, our overall results for Q4 are below expectations, but we have managed to maintain the bottom line in our core telco business. I've been saying that I'm focused on bringing core telco back to profitability so we can reinvest for growth. So let me start by taking a moment to reflect on our performance for the past financial year.

As I look back, I think FY25 was a mixed year for us. The good news is that our core telco business remains steady. However, we did face challenges on the growth front. One of the key factors here was delayed closure of order intakes in earlier quarters. Sales cycles have become longer in telco. We have also seen slower decision making because of ongoing macro conditions. And this impacted our conversion timeline. So things that we were expecting, for instance, to happen in Q1 ended up happening in Q3 and so on and so forth. And consequently, this also affected our revenue realization.

Our YoY revenue declined by 8%, but this decline was primarily driven by our non-core business. So our core business, we were still okay. So, despite these headwinds, we were able to deliver profitability, which underscores the strength and focus in the organization. On the upside, we made significant progress on cost optimization, which led to an EBITDA improvement of INR 22 crores. This has translated to an 8% YoY margin expansion on our core telco business. So, we were minus 4%, we are plus 4%. So we have had 8% gain.

Importantly, EBITDA has been positive in the 5% of the last six. So, this has helped us close the year profitably. We have also seen our normalized PAT turn positive in Q4, which I know a lot of you have been asking for a while then when will your bottom line become positive. So, we did that in Q4. Our normalized PAT was positive, reflecting the momentum that we have had from our operational improvements.

Our cash reserves remain healthy, thanks to stronger collections and continued focus on financial management. This will give us the flexibility to make thoughtful decisions in an uncertain environment that a lot of us are staring at right now. We have also seen strong outcomes from our ongoing cost and productivity improvement program. So, since I took over 2 years ago, we have driven a 31% improvement in employee productivity. This reflects our continued focus on talent effectiveness, operational discipline and digital enablement. What this also means is that our fixed cost breakeven point is significantly lower, which makes us more competitive and financially resilient in the market.

As I've discussed on the earlier calls, we have made a conscious decision to deprioritize non-core initiatives to reduce cash flow and refocus on core growth. In this year, as you guys are aware, but we divested ID Central via a slump sale in Q1 of FY '25, aligning with this strategy. Our Secure division has continued to be a drag on our profitability this year. And we are actively working to reduce the burn while we minimize customer impact. So, during this quarter, based on internal assessment, the company has recognized an impairment allowance on disputed trade receivables. While company is evaluating all the possible options for recovery, on a prudent basis, we have created an impairment allowance of INR 16.89 crores. And we'll recognize any inflows as they come in, and this impairment is specific to a Sectrio business. Despite the challenges, I would say that there are many positives that give me great confidence in the turnaround that we are driving.

In Q4, we secured some very strong wins. We added a new logo in Europe for our latest Hyper sense fraud management product. We extended our managed services contract with two Tier-1 customers across Europe and Middle East. These wins, strengthen our recurring revenue base, but also, you know, reflect that market still has confidence in our offerings. I'm also happy to share that we achieved 100% contract renewal rate, underscoring the trust that customers base in us. As you are aware, in, early March, we had MWC Barcelona. This is industries, leading telecom event where we showcased our latest AI and GenAI enabled solutions and, business assurance and fraud management, including AI agents for fraud investigation.

The response was very encouraging. And with the rise of LLMs, agentic AI is emerging as a real productivity level for telcos, and our offerings are well aligned with that shift. So, this event also allowed us to deepen our engagement with our customers and explore new opportunities. This validates that our product roadmap where we are going is in sync with where industry is heading, especially in GenAI, as it becomes central to transformation agendas in telcos. As I look ahead for this year, our priority remains to strengthen our core telco business, while scaling new growth levers. And new growth levers for us are especially in fraud management. As fraud continues to grow in volume and sophistication and more players enter space, we believe differentiation through innovation will become critical.

We are doubling down on embedding advanced AI and GenAI across our solutions to stay ahead of evolving threats and deliver more value. Our installed base gives us a solid platform to build this from. The telecom industry I'd like to just remind you all that telecom industry is \$1.7 trillion market, trillion-dollar market with double digit TAM expansion year-on-year. And we have a strong brand recall here and a solid installed base. And given that we are very focused on profitable growth, I think we will have the money to reinvest in our core portfolio and I'm very excited about what opportunities are ahead of us.

So next, I shall cover the consolidated financial results for quarter four. All numbers are in INR. Revenue for the quarter stood at INR 706 million as against INR 727 for the previous quarter. Normalized EBITDA for the quarter is at INR 53 million as against INR 40 for the previous quarter. Normalized PAT for the quarter is at plus INR 66 million against negative INR 17.8 million for the previous quarter. PAT for the quarter is at negative INR 176 million as against negative INR 33 million including exceptional item in the quarter.

Now I will cover the consolidated financials for FY '25. The revenue for the year stood at INR 2,856 million as against INR 3,097 million for the previous fiscal year. Normalized EBITDA for the year is at plus INR 65 million as against negative INR 95 million for the previous financial year. Normalized PAT for the year is at minus INR 146 million as against minus 375 million for the previous financial year. And PAT for the year is that overall, PAT for the year is at minus INR 314 million as against minus INR 1,917 million including exceptional items in the previous fiscal year. As always, thank you for your constant support, and I'm happy to take your questions and comments now.

Questions & Answers

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 question, please press star and one on your telephone keypad. We will wait for a moment while the question queue assembles.

The first question comes from Jitendra Bhutoria an Individual Investor. Please go ahead.

Jitendra Bhutoria

Yes. I remember in the last call, you had said about Subex Digital LLP, wherein Sectrio rests. Now Sectrio, you said Sectrio had two big contracts, which needs to be served and you are not taking any other new contracts. Now out of those two contracts, one contract was being negotiated with the clients to close down pre closure and this was expected to be done within the March quarter itself. And the second contract you said you were negotiating and you hope to negotiate and pre close that contract. Now my question is what is the status of those pre-closure of those contracts because they are burning a lot of cash? Now this is my first question. Yes.

Nisha Dutt

Okay. Yes, please go ahead.

Jitendra Bhutoria

Yes. My second question is, I just wanted to know, you have spoken about the impairment allowance for trade receivables. Now this impairment allowance wherein you have mentioned about 16.89 is disputed trade receivable. Now which year to it pertains and whether I understand there was some outstanding regard to Burma receivables. There was some repatriation problem. Is that this receivable relates to that?

Nisha Dutt

Okay. So, are those your two questions, Jitendra?

Jitendra Bhutoria

Yeah.

Nisha Dutt

Okay. So, in Sectrio, there were two big contracts, as I had mentioned. So, one of the contracts, actually, we have been able to pre-close. And I'd like to kind of again remind everyone that the 16.9 crores impairment that we have taken is purely on account of Sectrio. So, which what that means is that the Myanmar contract that you are referring to is not a part of this, impairment. So, this impairment pertains specifically to Sectrio, and this impairment has one of the contracts that we have been able to pre close. The receivables are from that contract, the, you know, the 16 I mean, some part of it. A large part of it is from that contract. There is another very small contract on the other side, but I think large part of contract is the one that we have pre-closed.

So, we have receivable spending there that we have to collect over the year, because, you know, we had a discussion with our auditors, and we said that in spirit of transparency and also because I've been saying this all along that, you know, we are trying to negotiate on a contract. We should provide for it on a you know, it's more, I would say, a prudent basis and abundant caution basis that we should provide for it now. And we will recover the money. As we recover the money, we will recognize you know, we'll recognize income for it as through the year we recognize the money. But, to your question on the two contracts, the 16 crores is from one of the contracts, actually. A large part of 16 crores rather is from one of the contracts that we have been closed.

So we have been able to close, but receivables are something that we have taken impairment for on a cautionary basis, which we will continue to recover through the year. So that's one part. The second one is, second contract. I don't think that you know, again, we are trying our best, but we may not be able to entirely exit that contract, In which case, we will continue the services, but we're a very lean team, because it's only one contract. It's not we are not spread out too much, so we may not need a lot of, you know, I would say a spend, not to the tune that we were, you know, actually having cash for the Sectrio, I think that is significantly reduced, and you will see a lot of impact of that in q one, for instance. Right? Because we were still dealing with the, I would say, the aftermath of winding down and all that.

So we will still have probably a very lean team that will service that our second contract. We are trying to negotiate, but it's entirely possible that we may not be able to accept that contract. So that's the status of our Sectrio. Again, to remind everyone on the call, this, impairment is not on the core business, what I call as core telco business. This impairment is purely on Sectrio actually right now, which has been taken on cautionary basis. Does that answer your question?

Jitendra Bhutoria

This answers my question. There is one follow-up. Now I just wanted to know that regarding you said that the second contract you may not be able to close down or pre close it. What is the estimated cash burn you expect during the whole of this year? Because we are trying and is there any impairment in the receivable of that contract also?

Nisha Dutt

So again, see okay. So, in spirit of transparency, let me just put it as much as I can share with Yeah. You see, the cash burn for us will vary depending on, what we are able to do with that contract. So in the sense that if I am able to, let's say, do it on a very lean manner and, sort of, you know, take support from external support and for fulfill that contract, then my burn might be to the tune of, again, please remember that these are, you know, numbers that are more estimates only. Please don't take this as, you know, strong guidance because I'm still working these numbers out. But it might be in the range of you know, we are thinking, like, a 300 fee or something through the year. And if, we manage not, you know, if we but we have to there is another option that they intensely work on the contract and try and close it sooner, in which case it's possible that we may incur a higher burn, but, you know, try and exit the contract a little sooner than we would have otherwise exited.

So, in which case, our burn might increase, but, you know, we might be able to exit it, let's say, you know, two years sooner than we would have otherwise exited the contract. So, that's the negotiation or decision that, we are trying to make right now, honestly. So, that's why I don't have a very clear answer for you. But I think at the very bare minimum, we might have, you know, a 300k for sure. And it may only go up depending on the decision we make on the contract. So, that's broadly where we are \$300,000 I would understand as a US dollar.

Nisha Dutt

It's USD. Sorry. Go ahead.

Jitendra Bhutoria

Sorry. Because. I see that Sectrio, you have a loss for the whole year of INR 25 crores. Now, and that is outside that is out of these two contracts only. So, living apart the first one, which is closed, what was the quantum of loss in the second out of this 25 crores, if I may...

Nisha Dutt

Actually, second contract, we have not had a loss. So, there are two things that happened here, and I will ask Sumit to weigh in here. So, there are two things. So, the overall loss is, has two components. There Sectrio loss of one contract, which is, you know, a one largely one and a very small other one, which is contributing to around INR 17 crores. The other part of impairment that you are seeing is, basically, we internally have a financial you know, I would say, again, this is a policy that we agreed internal policy with our auditors.

We didn't have to, but we have agreed as management that any receivable that, crosses a certain threshold will be provided for. So, this is a regular provision that we are doing and some of these contracts are not bad contracts or bad money. What happens is that some of the contracting that we do in our core telco business is backloaded. So what means is that the money will come a little later for us. So that gets recovered, but it gets provided for. So, it's that money. Again, Sumit, do you want to come in and maybe clarify a little bit for Jitendra?

Mr. Sumit Kumar

Yeah. Yeah. Sure. Thanks, Nisha. So basically, there are two pieces. One, as Nisha told. So, for the quarter, if you see, we have provided the bulk impairment towards the Sctrrio contract, which is INR 16.89 Cr. Then barring that, there are as a part of ECL provisioning for the receivables. So, anything which is which comes into the ECL provisioning, it keeps coming. And internal policies, if anything greater than 365 days, which is crossing as a receivable, then we provide and then obviously, it's like a moving bucket, it comes and goes. So which is a routine kind of a thing, which is there, but bulk is the Sctrrio piece, which we have just clarified.

Moderator

Thank you. The next question comes from Mahesh Kumar, an Individual Investor. Please go ahead.

Mahesh Kumar

You have been telling in all the calls that telecom total addressable market is few billion dollars. Out of that -- few trillion dollars, what are the products which Subex is having? For that, what is the total addressable market? That is my first question. In second investor call, you told that you will try to address adjacencies of telco for growth. What is happening on that front?

Nisha Dutt

Sure. So, basically, if you look at, our products that we have for this market, as you know, we are in business assurance. We are in fraud management. We do partner settlement, and then we have a suite of AI products. But AI products are primarily for us geared in, you know, fraud management space. So if I were to look at the fraud management in telcos, it's actually a \$39 billion market. That's the plan, which is growing at 39% CAGR year-on-year. So we have been tracking, actually. And if you look at the AI agent market, which is where, you know, we are trying to position a lot of our fraud agents, AI agent market is \$5 billion market as we speak today, and that is growing at 45% CAGR. So these are very high growth markets, actually. So that will give you a sense of the time.

And in terms of adjacencies, what we have done is, so we are addressing telcos, of course. Telco adjacency, we have picked up is, primarily on, I would say, telco fintech. So every telco in the market today has a wallet. Right? Airtel has a wallet. Jio has a wallet. And all the large telcos actually have wallets or they have their own finance accounts. So we are actually doing a lot of fraud management and business assurance for their, fintech product. So what we have done is we have done horizontal scaling of our products, and we are, addressing a lot of things. So for instance, if I do churn management, right, at what rate do customers churn from a telco? So I can do it for telco, but I can also do it for the telco, you know, finance, the telco fintech that we call. So mobile money itself is growing at, you know, 22% CAGR, and the market there is \$120 billion. So that's an adjacency that we are strongly latched onto. Also, because I already have relationships with telco, so it's easier for me to kind of cross sell into, you know, mobile money.

So that's the one adjacency that we have taken. The other adjacency which, you know, I wish we could have gone stronger, which we haven't been able to go very strong at, but this year, we definitely want to go there is OTT business. Your Netflix and Amazon Prime and, you know, all these places. So that's why we did not make a lot of enroll, but we made enrolls in mobile money. This year, we are hoping that, you know, we are able to go much stronger on OTT side as well. So, these are the adjacencies, and our product suite is very, very focused on fraud. So, one of the largest growing frauds in the world today is account takeover.

And account takeover happens in, you know, money mobile money. It happens in your telco business, but it primarily happens on OTT side. So, for instance, that's one of the problems that we are trying to solve. Our handset, fraud solution actually, the biggest fraud in the world is handset fraud. And we have a solution for that, and we are servicing a lot of customers with handset fraud, specifically.

So, we have anchored a lot of our I would say that, you know, the fraud management portfolio, which was very traditional CDR based portfolio, we have taken it and, you know, we are trying to embed a lot of AI into it, and we are trying to tackle new frauds to AI, actually. So, a lot of robocalling, slash calling, spam, account takeover, everything that we all suffer from actually day-to-day basis. So, we have created solutions for it, and we are trying to go strongly in that. And these are the solutions that can horizontally scale. It's not just a telco problem. It's a data problem. It's also a, you know, a money problem. It's also an OTT problem, actually, some of these things. So that's the way that we are looking at it. We are also looking strongly at some partnerships because we understand that time to market is very important. Right? I don't have the time to sit and develop a solution for another two years, and the market may move away from me.

So, places where we already have a lot of domain knowledge, we have gone faster at it. But there are places where we are going to partner with people, going strongly with partnerships and see if we can white label their products or, you know, should cash become available, then we can look at, you know, some inorganic part as well. But, that's the direction in which we are thinking that, you know, what we can do ourselves, we go faster. What we cannot do ourselves and will take us time, we go into that market with, partnerships. So that's the kind of, you know, scenario that we are kind of looking at. But I would say it's primarily fraud. We have done mobile money to answer your question, and OTT is something that we definitely plan to tackle.

Mahesh Kumar

I have a follow-up question on this. What are the customers you have for AI agent? Do you get any success till now? Then you have also launched a team of LLM solution for product management thing. So Yeah. Do you get -- do you have any customer for that? And how many customers are there for phone fraud management?

Nisha Dutt

Okay. So POC for agents. The POCs we have done actually, I would say three POCs for agents. And, actually, they are highly successful POCs, and one of the places where we will, probably, you know, contract we are actually in the advanced stages of converting it into a contract. So we should have our first full win on the agent side. LLMs, what we are doing is, we are not selling LLMs, like, separately. So what we are doing is LLMs, we have integrated into our Hyper sense solution, for instance. So our Hyper sense will now be powered by LMS. Right? So, anybody who buys a new version of Hyper sense. Yes.

Mahesh Kumar

You had another part of team of LLM solution? So, do you have any customer for that now?

Nisha Dutt

We do, actually. So, for instance, the way I, solve for high transit fraud, right, is a team of LLMs that's solving for handset fraud. So, you know, one --

Mahesh Kumar

Which customers are there?

Nisha Dutt

This is actually North America. We have done 1 in North America, 1 in APAC. And, another one, if I'm not wrong, it's in Middle East. North Africa. Sorry. North Africa we are doing.

Mahesh Kumar

These are paid customers or only POC?

Nisha Dutt

No. One is a fully paid customer. One is actually, you know, the POCs are also paid. So, it's not that we are doing free POC.

Mahesh Kumar

The POC should result into a contract.

Nisha Dutt

Which we are actually negotiating right now in North America to get into a new, you know, full blown contract. So, there we have we are working with a consortium of 3 large telcos, where we have demonstrated, and they have liked our solution. I was, you know and now we are talking about a commercial contract there. So, some of this is not theoretical for us. What we have done is our embedded you know, first of all, our -- we used to call it an AI first. Right? I would say Hypersense is also LLM first in that sense. So, we are embedding LLM strongly into our portfolio, and we also have standalone solutions that can go. So, I can sell handset fraud as a standalone solution.

I can sell robocalling as a standalone solution. And these are all powered by, you know, agents, actually. So, this is like a agent squad, we call it, that solves, you know, fraud management. It can do investigations and fraud. So that's the kind of agent. And underneath, you will see that, you know, there are 10 agents that are doing different task. One is a KYC agent. One is, you know, checking your subscription. So, there are different agents that come together and solve for fraud, investigative fraud. So that's how we are sort of architected.

Mahesh Kumar

So, this team of LLLs basically collab are collaborating for a solution. That am I right?

Nisha Dutt

That's correct. That's correct. That's correct.

Mahesh Kumar

Okay. See, all these new developments that are happening yeah. Just a suggestion. I have one suggestion for Nisha. See, all these new development, like AI agent and team of LLM and phone fraud management, these are all you should communicate regularly with the investors. See, we are not getting this information anywhere. Last time also, I sent you mail on this team of LLM.

Nisha Dutt

Correct. So, I thought that in the MWC communication goes out, often, but I think one of the maybe misses that we have had is we do a lot of LinkedIn communication. I think we are not sending, like, releases on this, but on LinkedIn, we do...

Mahesh Kumar

They are not there on the LinkedIn.

Nisha Dutt

That's yeah. You're right about that.

Mahesh Kumar

So, but we do actually changes. See, these are very good development happening. This will change the perception about Subex. The AI agent will take you to the next orbit in the perception. The perception also matters.

Nisha Dutt

Matters a lot, I would say. Completely agree with you.

Mahesh Kumar

See, today Subex perception is very bad among the investor, fraternity. And you are doing all these developments. So, we need to communicate more with the exchange. You have done POC. All these companies listed on Indian exchange. They communicate if they do POC.

Nisha Dutt

Okay. Maybe, Ramu, can we make a note of this?

Mr. Ramu Akkili

Yes, ma'am. I made a note of it.

Nisha Dutt

Let's please do some more proactive. See, we do actually, we do a lot of marketing collateral. I think we have not kind of specifically targeted, you know, stock exchanges, but we do quite a bit of collateral,

actually. I would say that, on the average, maybe one post goes off every day, and there's a strong frequency. But you are right.

Mahesh Kumar

Yeah. In on LinkedIn, you will get a collard from the professional peers. But you also have a responsibility to investors.

Nisha Dutt

Sure. Point well taken. What I will do is, maybe, Ramu, we really need to get a cadence set for this.

Mahesh Kumar

So, all this is communication. How many companies in India are working on AI agents?

Nisha Dutt

Actually, I would say very few. There is a lot of noise around this.

Mahesh Kumar

So that's why you are not communicating. Very few. In US, many companies are trying AI agent. Google is trying. Meta is trying. But in India, very few are there. So, you should communicate. People should come to know that you are doing such cutting edge technology development.

Nisha Dutt

Right.

Mahesh Kumar

Okay. I have another question. I will join with you after some time.

Moderator

Thank you. I request the participants to restrict with two questions in the initial round and join back the queue for more questions. The next question comes from Abhishek Kale, an Individual Investor. Please go ahead.

Abhishek Kale

I think what Mahesh said the previous caller said, I've been saying the same thing over and over for the last two conference calls that we have had. I mean, high time. So last time, Ramu was just -- he just got into the company, but now I mean, we cannot continue going on the same path. It's high time. We just put our act together, okay?

Nisha Dutt

But Abhishek, we did make a lot of announcements on the bills and all that, I think we are starting to get. We did stock exchanges. No? The BINs that we have had on the.

Abhishek Kale

Yes. Yes. So, you did with BINs. I'm saying, overall, whatever we are doing, if you think that people should know about it, right, then it should go out to the exchange. I mean, when you're putting it on LinkedIn, your marketing team is very regularly putting things on LinkedIn. I have -- I follow your company on LinkedIn. So, I know what is happening. But if I were to just not sign up on LinkedIn, I have zero visibility as to what is going on apart from the deal wins that we have had. The European deal that we have had, which was communicated timely by the organization, I appreciate that, but we need to communicate more. So, I mean, high time.

Then another question, I mean, what was this need for impairment, the provision that we made, right? You said that as a matter of caution, okay, and bear with me. The moment you use the term caution, right, to me I hear it as we have doubts whether we will receive the money or we have at least the slightest of the doubts, wherein we have talked out of that contract and we think that the customer might not pay and that's what maybe the reason for exercising the caution. Is that right assumption or am I off base here?

Nisha Dutt

So that is not correct. So, I will tell you why we have taken the cautionary, you know, impairment. So one is that, see, when you are one is our own accounting policy, right, that we have decided on internally, like, even Sumit was explaining. When a receivable crosses a 365 day threshold, we do provide for it. So I didn't have to take this provision honestly for another quarter. I could have sat on this. And, my Q4 results would have looked great. In fact, I was disappointed that, you know, I would you know, we had to take this, and I said we will take it. But if you look at the normalized, EBITDA and PAT, we are actually PAT positive this quarter. Right? I mean, what is not to like here? And I am, you know, I understand, slapped with this kind of an impairment, which nobody likes. You don't like, I dislike it even more than you. So, the thing is that though that you know, but we have created a policy. Right? And we have said that, look, we, you know, we will do the right thing. We will -- so that we don't end up having reversals like we have had, if you remember.

We have taken huge revenue reversal in the past. To avoid any of that, they said that we will cautionary basis. We will just provide for things, and we will collect them. As we collect, we will recognize. The reason why we have also taken I used the word caution is because once you've discontinued your contract, your ability to recover money, right, becomes a little bit tricky. I would not settle. It will not come, but it becomes a little tricky, nevertheless. Because when you are engaged with the customer and you are working with them on a day-to-day basis, you can press upon them the urgency to pay.

But, when you are, you know, sort of telling also negotiating with the customer that, look, I need to kind of discontinue this. I'm winding this down. I'm not going to service this. In that scenario, what happens is that, you know, the things are not as clean as, you know, servicing a contract. Right? So that's why we thought that we should provide for it. And as we collect, we will kind of, you know, keep recognizing income for it through the year. And I will try all means possible. And whatever it takes, we will go and collect this money. So, you know, we have decided that we will go to the end of this earth if we have to collect this money.

So, if it means that at some point of time, we have to do disputes, whatever it is, we will do it. But, this money, really, really, we will go and collect one way or another. So that is the reason why we said that let's provide for it, but let's also be transparent that you will see in disclosure we have said all

means possible. We will use every possible tool with us. Right? It, it will be negotiation, arbitration, legal, whatever I have to do. But I will try and go get these receivables.

Abhishek Kale

Okay. Probably then this question is more of a Ramu question than Nisha question. Do we have our contract written in a way which protects our interest or have we managed to write this contract, which we have walked out in a way which benefits the customer more and puts us in a big hole? Because I think one of the contracts, the one where we have seen a \$300,000 cash burn is of that nature, where we have no control of walking away from that contract. There is nothing in it for us in terms of what we can do. We are only obliged to service. We cannot walk away.

We don't have any details. Is that something that is baked into this particular contract? See, Nisha, I mean nothing against what you said. I understand that you will follow-up and we will see what happens in the future. But right now to me, I mean the more you spoke about it that since your engagement is not to that level, right, I mean, that is raising a bit of a red flag for me. Right now, I won't put an amber, not a red right now. But I mean, that is doubtful that how much of it of the 16 crores will get realized. I will be the happiest person. I'm a shareholder. I'll be the happiest person if we get all 16 and some interest on it. But right now, it's an Amber platform, probably for you as well, I don't know. So, question again...

Nisha Dutt

So, we are sitting on some information that gives us a see, this is a disputed trade receivable right now, right? That's why we are providing for it. But we do have some, we are sitting internally on some information which might, you know, make it a good case for actually going and getting our receivables here. So, we do have some information that we are sitting on internally. Okay. But the provision is perfectly you know, but provision is more a matter of, I would say, principle, policy, you know, and I would say caution and prudence. Right? I mean, then so I always feel that, you know, if the policy demands it, do it.

When in doubt, you know, be conservative. There is no point in us coming back and, you know, telling you guys the same thing. I could have actually done it, you know, next quarter. I didn't have to do it this quarter. But we just in fact, we were the one who approached the auditors, and we said that let's just do it because we think that, you know, yes, it will make results look bad, but I do think that we have otherwise delivered actually on everything. So, this is Point taken.

Abhishek Kale

Point taken. And, again, see, Nisha, what has happened, if you see last year, the same time, we decided with that goodwill impairment.

Nisha Dutt

Impairment. That's correct.

Abhishek Kale

That was your first bouncer, I mean, which broke my head. Then this second bouncer, I mean, you don't give a chance for us to duck under the bouncer, because IPL is going on and I'm a cricket fan, so I will do this. So, but I mean, you can see it from an investor's perspective. And again, for the moderator, I'm going to probably continue with my questions. Please don't kick me out because most of the questions I'm going to ask, others will have the same ones.

So, point is these bouncers or these shocks continue to hit us and we don't know what next landmine we are going to hit or step onto as an investor. Maybe the company is privy to and you will disclose as things come or as we step onto that landmine and our necks get blown apart, then we will know about it because you disclose it. I mean, these things are actually driving the investors away from the companies. The credibility is really, really, really low at this point in time. I mean, I don't know as an investor tomorrow what is going to happen, right. And for me as an investor being in this predicament is like what, do I stay with this company invested or not? I think you probably would see through what I'm trying to say, right?

Nisha Dutt

No, no, I do. And see, the irony of it is not lost on me. In fact, when we decided to take this impairment in Q4, the IME was very clear to me that we did that last Q4 and impairment, and that's on Google. But this time, you know, we are doing a trade receivable impairment. So, the irony is not lost on me at all. Believe me that, you know, I felt a pinch a lot. But I think also, I would say now to be fair to the management, Abhishek, if we have been flagging Sectrio issues, at least I've been flagging for the last two or three investor calls, that this is a little bit messy. We are trying to exit few things.

So, you know, some of it, I wouldn't say that, okay, we didn't say that, you know, something like this might hit us, but I think I've been giving fair warning that this is something that we are trying to sort of untangle right now. And some of the mess comes with it, which we will I think we will get through it. It's no. I I'm still very confident we'll get through it. But I've been flagging it for a while. Right?

Abhishek Kale

No. No. No. I don't deny that you have been flagging the criteria issues. It was only the quantum of it, which I don't think we were privy to. Maybe you were because, I mean, you obviously know the numbers, but we were not privy to the numbers. I hope you see that point, right?

Nisha Dutt

No, I see your point.

Abhishek Kale

Right. Now a couple of more questions and quick one. The two deals which we have disclosed, right? One is a renewable we have renewed a contract and one is the new the deal in Europe. What is this going to contribute on a quarterly basis to our numbers and when would it start?

Nisha Dutt

So, on the MS renewal deals, wherever the renewal of MS has happened on two days, that contributes to the quarter immediately because there is not on the net new, like when I say that I sold a Hypersense fraud management solution, this is also to kind of explain to everyone how we how you should interpret the numbers. So, whenever it's a managed services deal or a renewal, the revenue continues. You know? So, there is no lag. But when it comes to a new implementation, when I sell a new fraud management revenue assurance solution, then there is a implementation period. So the moment my implementation of that project ends, that's when my subscription starts. So, I will recognize some money in the beginning, which is, you know, more a setup, some license, and all that. But bulk of it comes, a little later once the implementation is done.

And for us, our fraud management solutions typically take, I would say, around 9 months, implementation cycle. So, you know, depending on the complexity of it, so it takes between 6 to 9 months of implementation. So once the implementation is done, the subscription revenue comes in. So, you should expect it, let's say, a win that has happened in Q4 probably, you know, starts are going for us in Q3 of this year. So that's broadly the timeline.

On renewals, that's why renewals, we are very bullish on because one is it gives us, you know, recurring revenue base. Also, it's the quality of I think revenue is very high, right? Always MS revenue is very high-quality revenue. So that's why we are bullish on that. But, yeah, that's the way to interpret those numbers broadly.

Abhishek Kale

Okay. One last question. The cost optimization, you said, which saved us about INR 22 crores, could you please elaborate on that?

Nisha Dutt

That was primarily done on few aspects. One is, obviously, we do manpower optimization. So that was, you know, the way that we have done our cost framework is just to explain to everyone is what we do is we, we kind of, you know, took a look at our gross margin. We looked at below the line items. We looked at what our S&M cost is, sales and marketing cost is, you know, what our, let's say, you know, G&A is. So we took our cost base, and we benchmarked against some of the best in the industry, where I would say we just similar size. Some really big ones, some small ones, some similar size. So we did some sort of benchmarking, actually, when I came in. That was one of the big exercises we did.

So, when we benchmarked, we realized that, you know, is our gross margin broadly aligned with what it should be industry wise? Is my R&D spend aligned? So, we did a lot of alignment internally, and there were buckets where we found that our spend was way off when I compare it to, you know, my competitor. And that's where we sort of took a, I would say, a stronger, cut saying that, you know, if others are able to do it, let's say, you know, in a certain percentage, why am I so off, actually? What is causing, you know, this for me? So that is the -- I would say the cost wise, that's the structural correction that we have been doing, which has actually led to this. So, it's not just manpower. It's also facilities, for instance. Right? So, we also decided that we went and looked at, you know, the unused facility, or is it underutilized? Can I kind of collapse it and bring it on one floor? So, in Bangalore office, for instance, we have done some trade-offs where we are giving up a floor and bringing everyone down to, you know, sort of one floor.

So, we are doing some of those facilities adjustments. So, there is -- so when we did this, we did this on G&A. We did it on S&M. We did the gross margin level. We did it on R&D spend. We did it on our delivery utilization. So, we have benchmarked everything. So, this is broadly a part of that framework. So, it's very systematic. So, EBITDA has not come because it suddenly just happened because, you know, growth has been a challenge. Yet we have, you know, delivered the bottom line. So, there has been a very systematic approach to this.

We keep kind of doing this every six months we go and measure. How are we doing if the cost drifting? And if it does, then we take another sort of, you know, swipe at it. So, it's not just people. It's also facilities. It's also things like, you know, travel expenses, and there are other things. You know, there are boost off costs in our company, hidden costs. So, we take a cut at everything actually across. So that's what contributed to this, honestly.

Abhishek Kale

Okay. And one last question--

Moderator

Can you join the queue, please?

Abhishek Kale

Sure. Sure. Sure. I will. Thank you.

Moderator

Thank you. The next question comes from Sagar Desai from Crown Capital. Please go ahead. I repeat question comes from Sagar Desai from Crown Capital. Please go ahead. There is no response.

And the next question comes from Sanjay Kumar, an Individual Investor. Please go ahead. I repeat question comes from Sanjay Kumar. Please go ahead. There is no response.

And the next question comes from Sanjyot Khare, an Individual Investor. Please go ahead.

Sanjyot Khare

Congratulations and good operational performance. And finally, we could see a positive impact, so well done on that. I mean, I can understand it is difficult business scenario doing these things are difficult. You guys have done it. Definitely, we would have been happy to see more improvement on top line. So hoping things gets better on top line side. So my question is about, when you say, how the business scenario looks like region wise now from the America, Europe and Asia, APAC? Since January this year or since March and the other things the daily talks have started and things have started.

So how are we seeing now the business scenario? Are we seeing there are opportunities there, opportunities are growing? And are we getting chance of participating more RFPs or proposals moving to L2s and L1s? And what differentiators we are building to get the contracts? Because just at the start of the call, you mentioned that there was a delay in closures. I mean, so it means that you have reached L1s and now the closures are pending. So, are we seeing that some closures should be happening now in Q1 quickly? So that's the first question.

And the second is about definitely, the things are getting better slowly on that. So, do we have -- do you have any plans to work with analyst and investor community and then see there's more presenting about how the company is doing and then getting more visibility into this investment community and analysis? Is there any plans for that?

Nisha Dutt

Okay. So on the first question, I think what we are seeing is, you're right. Actually, a lot of our deals moved. I think the only good news there was we didn't lose any deal. It was just moving quarter-on-quarter. In fact, there's one deal that almost moved by 4 quarters honestly. So, it's just, you know, this is because people, what happens is that when some, you know, some global leaders, political leaders, you know, macro, economics, when people start exercising caution, then, they start, you know, looking at spends a little bit more carefully. Right? They start delaying it. Not that they are not spending, but they are delaying their decisions. So, you are right, actually a lot of contracts that got moved for us, we are expecting a lot of closures in H1 this year.

So, we are expecting that some of that has and so there were two, three things. One was, this happened. There was a microenvironment plan and there was something brewing there. The other issue was that in right in March when there is expected to be some closure activity, Middle East and, good parts of APAC where we work, right, major markets, they went for Eid holidays for 4 weeks. So, then what happens is that work just stalls, actually. For instance, Europe will now go for, you know, we all know. July and August will Europe will stop working.

So, there is a lot of cycle of things that we have to catch up on and we have to time. So, you are right that we are seeing some of the contracts that were moved should happen in H 1, manifest for us in H1. So that's one thing. The second is, in terms of geographies, we are seeing a lot of interest at from APAC. APAC has always been a very good market for us. Africa for you know, Africa was sort of, I would say up and down market for us. But this year, we do have some good ones that we are changing actually, you know, some very good contracts that we are trying to close in Africa. So, if Africa, we are able to, really be bullish on this year, I think we should do well. Europe, again, you know, I think it does what it does. Americas, we are trying to -- Americas, we are positioning more with our new products because America is a market that can actually absorb a lot of, I would say, agents and everything else that we were talking about. Right? That we are really positioning in America's markets for us.

So that's why, we are looking at this. But overall, you know, telcos have generally been hit with, you know, if tariffs come, then what will happen is their investment you know, their network investments are very big. Right? It's a big part of telco business, and CapEx is very high. So, with tariffs, what will happen is that this bucket will really balloon for them if, actually, it becomes real. In which case, a lot of other spends that they do, they will start putting it on hold even more. So that's the you know, I would say if I had to ring the warning bell a little bit, that's the one that we are seeing might have an impact on our business. But, that's, you know, we'll see how it pays out. For now, it's on pause. The tariffs are on pause, but we will see. But you are seeing, right, some effect of that will happen actually for telcos. It's an indirect impact, but we might get hit by it.

For now, we are okay, but we shall see how it pans. I would say, you know, pans out. We will see it in this quarter. But as we stand, we are expecting the deals that moved to happen, you know, close in H1 of this year. So that's as we stand, that's what will happen. The other decision that we are seeing telcos make a lot, which is kind of interesting development for us is that, while we are selling Hypersense, you know, we have a large install base of rock implementations, our older product. So, there are telcos where we have gone and the customers are telling us that our mandate is very clear. We can't spend, let's say on new, but we want to sweat this asset a lot more. So, can you then do a

lot more work? You know, do a lot more enhancements and, you know, AI and agents, everything that you wanted to take to five persons, can you put it on rock? And make me sweat my asset a lot more. That's become, like, an interesting development for us because, and if you're able to deliver to that, I think that'll unlock a very big market for us because rock actually has a huge install base compared to even hypersense. Right? I would say it's like, 4x, 5x of hypersense right now.

So if you are able to kind of, my grab on to that opportunity and more and more telco start thinking that I want to set my asset, then I think it might become an opportunity that we were not actively tracking, but we are seeing market pull for it. So that will be an interesting one for us. That's again the other one we are tracking.

On your second question on analysts and investors, honestly, I thought that sometime last year, I would start that outreach and start the conversations, but, I have been a little bit conservative in my thinking also. I think, I always thought that, you know, I have to deliver some numbers before you can actually stand up in front of someone and have a good conversation. Right? But now I think that maybe the time is there with I feel that, yeah, we have some drag that's getting caused by a noncore portfolio. But I think core is sort of, you know, we have I would say that we have fortified our core quite a bit. And this might be a good time for us to go back and test waters with analysts and investors. So maybe, you know, Q2 of this year, we will start that activity as well. But, to be honest, I've been a little bit away from it thinking that the work has to speak first before we go and start speaking. So, I think somewhere we have some qualification now. And, now I feel that maybe the time has come for us to test water. So, we'll up our engagement in Q2 starting Q2 of this year.

Sanjyot Khare

Sure. And then last question is about are we seeing that the top line now this revenue is now bottomed now and it's going forward now? Are we seeing it should be incremental from Q1 onwards so that it will keep going up? So, it's not going to go down now? Is that what....

Nisha Dutt

That's my ambition for sure. I can say that's my ambition that it should start to because growth has been a challenge last year. And, while I've been able to fix the bottom line, you know, I always tell that there is a cost of doing business. Right? So how much can you play with bottom line beyond the point? Right? I still think that we have room, but, beyond the point, you know, your top line has to go. So definitely, a lot of effort has gone in last year to see how we could sort of, you know, go back and grow our top line. I'm hoping some of your deals results this year. Also, because the deals had got shifted, if they manifest in H1 of this year, then it should start having an impact on our top line almost right away.

So definitely, this year, I think as we continue to improve EBITDA, the fight is going to be on the top line. And, the other is we are also going to reinvest in new areas. Right? Because, EBITDA was important only because if you are able to release some cash, I can go back and reinvest in new areas. So, we have been able to release some cash. Right? So, I think also with tax refund and all that. So what we will do is we'll go back and you know, reinvest in the new areas and, see if we can build a net new pipeline, which did not exist, earlier for Subex. So, one of my big goals this year is to build a pipeline that would otherwise not exist for Subex, which means net new offerings, net new pipeline. So, there is a lot of effort that we are going to make in that direction. And, you know, hopefully, this will all lead results. But, yeah, ambition is definitely growth. But yes.

Moderator

The next question comes from Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri

So, ma'am, I'm a bit new to the company, so pardon my question if they're a bit naive. So, I just wanted to firstly ask, like, in the Q4, we finally received a normalized part, but then we had to take an impairment. Now I get the reasoning for impairment because we want to be more prudent. But the following quarter, right now in Q1, the month has already gone by. So, can we expect the similar run rate in terms of our EBITDA or PAT? And just one more bookkeeping question element to it. We've had suffered losses in the past. So, how does the tax rate work out? Because can we get a set off of those losses? Because, you know, that will also you know, just kind of help us our PBT to PAT conversion will be better that way, sir. Just wanted to ask a bit about that, sir.

Nisha Dutt

Yeah. Maybe, okay. Maybe I'll ask him to sort of take your yeah. Sumit, can you answer the question on the PAT?

Mr. Sumit Kumar

Yeah. On the PAT, the answer is yes. So, any carry forward losses that we have because again, PBT is not considered as a tax base. It is just a provisioning in the accounting side. But having said that, we do have some lot of carry forward losses and that future taxes can be future profit can be off setted with the gains which we have. Apart from that, to be very honest, given it's a global company, we do have some sort of a foreign withholding happens, okay? And that is only allowed to the extent of the gain. So, there will be always a bit of a tax leakage keeps happening because of the various jurisdiction around. But broadly, in a plain vanilla answer, yes, the carry forward losses which we have can be sufficient to -- okay yeah.

Darshil Jhaveri

So how much losses do we really have like because even this year we provided for some taxes, right, like or they wanted to ask a bit about that, right?

Mr. Sumit Kumar

So again, as I mentioned, we have foreign withholding taxes out there because it's in our so what is the thing is, in case you have a foreign withholding, the tax is to the extent of game is it allowed and balance it is be, basically it's a tax, so that is what we keep provisioning for. In case the company turns positive to the extent of that, otherwise it's a tax leakage. So that is the part that we're in that system. Yeah.

Darshil Jhaveri

Okay. Fair enough. Got it. And my question is Okay. And my question regarding our normalized quarter, like we have PAT, we finally gone positive on that one. So how do we see now going forward like firstly, are there going to be some impairment because it's like this impairment? And if not, like how do we see FY '26 standing out? Because I think in terms of revenue also, we've kind of, you know, I think, come near the bottom, and now I think he can pick up with the deal. And we've worked a lot on bottom

line initiatives. So, you know, just it's on a broad base. What is I no one's gonna hold you to it. If you they can be arranged also, ma'am. Just wanted to know, like, what is our target? Like, can we, like, you know, maybe just giving an out, you know, INR 350, INR 400 crore of revenue and any kind of EBITDA that you want to, you know, just achieve?

Nisha Dutt

So basically, as I mentioned, Darshil, see, the cost restructuring has been done. Right? So, some amount of cost restructuring we have already done, and we will continue to do it. But so those gains should carry forward for us. Right? I mean, it's not one time. When you do the speed structuring, some of it stays with you. So, like, productivity enhancement, I was talking about 31%. Right? So that can only go it can only get better. It doesn't get worse. You know? It can't get much worse than that. So those gains we will continue to make. So, when you restructure cost in a more systematic manner, then those campaigns will continue.

Now on, some, you know, additional or unexpected cost, will it hit us in terms of, today, as I said, I can't foresee anything, but, you know, we'll see. If it happens, then we will let you know. But, again, I don't foresee it. So, I think some of the cost restructuring initiatives should continue and continue to give a gain. But in terms of top line, you are right. We have had a decline in the top line from, you know, I would say 300 plus, INR 300 crores plus top line to, you know, a decline this year. But a lot of the decline, like I said, has happened from the non-core business. Right? So from core, we should start building up from here. I think, because you were seeing control numbers, you are most of the -- most of you haven't seen the split. We have seen the split internally. I think where we are, our core is still, I wouldn't say it has grown tremendously, but I would say it's broadly fat.

So, but it's not degrowth. There is no degrowth in core at all, actually. So I think, where we are, we are in a solid position. We should be able to grow from here. So there's been no degrowth in core, actually, on the top line also. My disappointment is that we didn't grow very fast or, you know, not even fast, but I would say that at least we didn't grow as much as we wanted to. But rest assured, there has been no degrowth actually in core business. So noncore burn reduction will continue through the year. Also, we will try to control that because we are still carrying some of that. I would say a lot of it is behind us, but there is still some to be cleaned up this year, which will continue to clean. But that burn should continue to reduce. So, I would say the bottom-line benefits should keep accruing. I am unless, you know, there is an untoward event, but that should continue to accrue. Growth will be the something that we'll get focused on. While we didn't take root, we didn't grow also very well. I would say we were broadly flat. So that's one challenge that we had to tackle this year, in my opinion.

So, yeah, I mean, if I were to give you at least, I wouldn't call it guidance, but at least, you know, that's my definitely aspiration for the year. That, you know, we do much better on top line, like I was saying. Bottom line, restructure has happened. We will continue to restructure it even more. But, like I also mentioned earlier, you know, there is a cost of doing business. Right? So sometimes there is a certain cost that you will end up carrying regard no matter what you do. You cannot go down to a zero base. Right? So, there is certain cost that we will end up carrying, which means the only way for us to generate more and more healthy bottom line is to grow our top line. They are, you know, beyond the point top line has to kick in. So, and that's the effort that we are on this year. Yeah. But, you know, inshallah will go back to -- we should go back to, you know, our previous glory.

Darshil Jhaveri

Yeah. Yeah, ma'am. Just two questions on my end. Like just number one, like, when you're mentioning this core and noncore, it would be really helpful if, you know, in your PPT, you could mention that. Well, for me as a layman, I would not know which part of managed service core and noncore. That would really be helpful from the next quarter. And then you can just, you know, mention, okay, this is our core business, and this is a business we are, you know, trying to discontinue. And we also know, okay, a certain bottom line or top line hit will be that this part is going to get discontinued. But consequently, because the burn of this will also get discontinued, our bottom line should keep on getting better. And just like on this core and noncore, so in our core businesses, what is the margin that, you know, we try to, you know, when we are -- when we are making the protocol, what is the minimum margin that we try keeping when you're doing this services of our core business?

So, you know, at least from our core business that we are going to try going forward increasing. So, what's the margin that as our business, we can, you know, aspire to be? I'm not seeing it will happen next year or maybe next to next year, but if that thing only building into our contract. Right? Like, so what kind of margins that we you know, as it is building into the contracts that we have?

Nisha Dutt

So, first of all, going forward, you will see that when I report top line numbers, it will only be good. So that I wanted to kind of tell the broader investor community. You will have some burn. So, in cost side, you might have some noncore elements sitting there, like I was saying, to the tune of 300k or even more depending on, you know, how we land. But on the top line, rest assured, you will see only core in all investor presentations and everything. Going forward, it's only core that you will see because, there is no top line that we expect to accrue from any of the noncore. So that's one.

The second, point is that I would say that if you look at all the telco vendors, right, and we keep benchmarking, like I was saying, it's not just cost. We also benchmark margins. So, in benchmarking, I have seen that all telco vendors are currently benchmarked in the range, and it's a wide range. But we have seen telco vendors at around 10% to 17%. It's the benchmark, actually. And....

Darshil Jhaveri

Operating margin?

Nisha Dutt

On the op margin -- yes, op margin. So, our, my aspiration is to get to the benchmark first. So, you know, because if there are other telco vendors who are able to get to that op margin, right, I think then we should have a pass to that op margin. So that's how we have thought about it. And, I mean, if you think about it even this year, there's been a 8% gain on the op margin. We were at minus 4%. We are at plus 4% now. So there has been an 8% gain on the op margin. So, if we continue to do things well and if we're able to, you know, we are able to grow our top line and continue on the restructuring that we are doing, I think we should be, at least my first aspiration is to get to the benchmark, which is in the range of 10% to 17%.

So that's where we are. Currently at 4%, but, trying to see if we can, you know, get closer and closer to the benchmark. Our same worth is created with the benchmarks in mind, like I was saying. All the costs have been benchmarked to that, all off margins. Everything is benchmarked to, you know, what

telco vendors are, and we have kind of tracked many, actually. So, we track quite a few telco vendors, and we have been benchmarking to them. So that's generally the framework.

Darshil Jhaveri

Perfect, ma'am. And this sorry. Is that 300 k, like, 300k dollars per month or per quarter? Sorry.

Nisha Dutt

For the year.

Darshil Jhaveri

Okay. For the for the year. Right? Okay. Perfect. Perfect.

Moderator

Thank you. The next question comes from Sanjaykumar Sethi, an Individual Investor. Please go ahead.

Sanjaykumar Sethi

Ma'am, see, I have actually I invested in this potential, company, and this company is basically like, you know, I like this company because my children are in the same, in India, they're working in USA. Alright. You know, I just wanted to ask you one thing. I don't want to go into any technicalities. What are you doing, and what is your passion and what the company is do? I just want to ask you one thing. When the company is doing very good, all your reach off, all the you have provided to the enterprise, they come and sell at around 30-40. So, do you have any provision -- do we have any provision wherein you can, you know, inform -- and then you're so confident about the company? Why is the top management is the top management buying at this rate? Because, you know, it is 11.36 all the way from top level. I think there should be something where, you know, you put SIP of some salary part and tell your company employees to buy this. Only then there will be a shareholder conference, because, you know, we normally go and take promoters and, promoters holding.

Whenever the links are not good, promoters come back and buyback the sell. So, this is the only way next way you can do something for shareholder, ma'am. You know, you keep on working hard, that's not going to work. Something out of the box you have to do where shareholder will feel, no, the public number is also in the industry. I want to use that. Tell me on that part then.

Nisha Dutt

So, Sanjay, there are two, three things. Right? So one is, all the selling that you, see, a lot of people who have sold, right, they have left actually the company. They are currently not with us. So, I would actually, you know, tell you that the current management, you can probably, you know, go to the website and see what the current leadership is. Current leadership is not selling, actually. I can very confidently say that because all the, you know shares come to us for approvals before selling. So current management is not selling, actually. So, this is all people who have left us subsequently and who were given shares at, you know, a low price. So, this is all I would say. Again, I forget to remember the pardon me if I'm not remembering this correctly, but maybe it was, you know, the share allocation, ESOP allocation, which sort of continues to sort of raise a lot of likes with investors. This happened, I think, in, 2017 or 2019. I'm kind of, you know, missing the it happened sometime during then. Okay? So that's why, lot of people sold from that time. So, I'll most of them are not with the company

anymore, actually. They are not our, KMPs. They are not people who are working with us anymore, and there is no way that I can stop them from selling, actually.

You know, the shares were given to them as a part of compensation. So, what is the compensation part? Right? Buyback, I need money to buy back. I don't think I'm enough to buy back right now.

Sanjaykumar Sethi

No, it is only token you are sold, suppose you are earning whatever you are salary, you start exploring 10% if you are running in the company. It's positive gesture की कंपनी की डायरेक्टर भी इस में इन्वेस्ट कर रही है। U know, pls try to understand. How will I gain confidence.

Nisha Dutt

नहीं नहीं वह तो है।

Sanjaykumar Sethi

I am holding 8 to 10 lakhs.

Nisha Dutt

नहीं नहीं आपकी बात ठीक है पर पहले तो –

Sanjaykumar Sethi

मैं ऐसेही नहीं बोल रहा हू, मुझे कंपनी का आठसो रूपया अच्छा है पांच साल मैं ऐसे ही इन्वेस्ट करता हू। मैं दस रुपये की चीज़ निकलता हू और हज़ार बारसो तक रुकता हू।

So, I want to return. All the investor have confidence and start putting more money. Why you are worrying about it? If the companies doing good.

Nisha Dutt

Actually, that is with the thing, no, Sanjay. We have been trying to bring the confidence back, but we thought पहले नंबरस करने पड़ेंगे right? I mean, like a lot of people--

Sanjaykumar Sethi

नंबरस तो आपने आप आजायेंगे, आप अपना कॉन्फिडेंस रखिये। आप थोड़ा सा इन्वेस्टमेंट - आप सेबी को इन्फॉर्म करके थोड़ा सा बाय बैक करो, आप थोड़ीसी होल्डिंग बढ़ाओ देखो कैसे आपने आप इन्वेस्टर्स भाग के आएंगे। You take my word and you see the company will go to 50, 60, 70. Investors will start and everybody will be happy. सिर्फ हार्डवर्क नहीं करता, आउट ऑफ़ थे बॉक्स कुछ सोचो।

Nisha Dutt

ठीक है मैं कंसीडर करती हू आप का सागेशन।

Sanjaykumar Sethi

Nothing is there to invest 5 lakhs 10 lakhs

Nisha Dutt

देखिये बाय बैंक के लिए पैसा भी होना चाहिए न। मैं देखती हु हम लोग कुछ करसकते है क्या इस्में।

Sanjaykumar Sethi

हाँ why not. फाउंडेशन बनेगा की इधर तोह कंपनी भी बाय बैंक करने को खड़ी है। इन्वेस्टर बेचारा मरते जारहा है। उसको समझता नहीं है की क्यों कट रहा है, कंपनी अच्छा कररही है लेकिन -- आप प्रॉफिट लेके आगये आप कुछ increment provision करते हो, अब जो करना पड़ेगा वह तोह करना ही पड़ेगा। जो पीछे के - आगे पीछे के पाप है वह ऐसेही धुलेंगे नहीं, but something out of the box u have to do, तोह कॉन्फिडेंस रुके वरना, other companies are not doing so bad. मैं एक बड़ा इन्वेस्टर हु, मैं आपको 51% से खरीद सकता हु एक झटके में। लेकिन मुझे भी कॉन्फिडेंस आना चाहिए न और, you try to understand मार्किट अब पंधरासौ से छेसौ करोड़ पे आगया है।

Nisha Dutt

नहीं नहीं करेक्ट है-

Sanjaykumar Sethi

Do something ma'am, मैं नॉर्मली टेक्निकल बातें नहीं करता, I believe in vision and मैं सिर्फ पैसा लगा देता हु ठीक हु।

Moderator

Thank you. The next question comes from Sanjyot Khare, an Individual Investor. Please go ahead.

Sanjyot Khare

Hello. Thanks for the opportunity. I just one question about the income tax refund, which is I think you mentioned INR 34 crores is something you'd expect it to be coming. And even till last quarter, it was some INR 8 crore was pending. So it's 8 crores already come and this INR 34 crore in addition to INR 8 crore?

Mr. Sumit Kumar

No, no, no. So 34 includes 8 crores because the new 34 is so income tax has adjusted that and this 34 includes 8 and we are actively talking to the department. Our case is currently in 45.2, which is as a new provision, it goes and there's a process and it will come roughly in like 60, 70 days. There's a process around on that. So, we are hoping that money should come at any time and yes.

Sanjyot Khare

Yes, because that's a big amount, and that's why I would just--

Mr. Sumit Kumar

Yes, that's totally tracking action, yes.

Sanjyot Khare

Yes. No, I just listened to previous words and then definitely that amount, even if you try to use an amount for the buyback, you can just buyback three quarter sales. So that's one of the opportunity, I mean, just solution for that. But yes, definitely, it should be used for the right purpose, and I'm looking forward to how things should be changing after getting more cash in hand.

Moderator

Thank you. We have a follow-up question from Sagar Desai from Crown Capital. Please go ahead. I'll repeat question comes from....

Sagar Desai

Yes. Just wanted to check on this investor need kind of thing. Can you organize every quarter or every 6 months in Bombay for few hours or even we can come down to Bangalore and have a look at the facilities and all?

Nisha Dutt

Sure. I think we can. I mean, honestly, we haven't thought about it, but I don't see any reason why we can't. So sure. I think on a 6 months basis or something, we can, think about it. Well, thanks for the suggestion. I'll kind of, you know, work on this. We can do an Investor Day or something, where, you know, we can invite all the investors to walk through the facilities. I mean, it'd be good if you also come and see your company. Right? So, you can walk through the facilities. You can see what we do. So, we can do, like, a Investor Day or something. It's a good suggestion. We'll do it.

Sagar Desai

So we'll wait if we can do it in May itself. That is one.

Nisha Dutt

Okay. I will.

Sagar Desai

Yeah, on the receive -- current receivables, which are getting reflected in, books and the goodwill amount, which is substantial, do you foresee any further, you know, possibilities of impairment or write books?

Nisha Dutt

Sumit, you want to take?

Mr. Sumit Kumar

Yes. So again, as we speak, again, this is the we don't foresee any kind of impairment around on the receivables or goodwill. And as you know that goodwill impairment is a yearly exercise. So based on the current assessment around, we have a sufficient headroom on that. So, we don't expect that. On

the receivable, again, our DSO right now stands at 87 days. So, and we all receivables are the good receivables and actively collected. So, we don't feel any sort of impairment on both the subject.

Sagar Desai

And this -- with this non telco business coming negligible or becoming zero, so the balance of the top line what we had done like in the current year, we could see INR 5 crore is the only this is for the first quarter I could see you had given that breakup between telco and non-telco. So, the ratio hopefully falls into non-telco, correct?

Nisha Dutt

Yes. The degrowth has come from non telco primarily.

Sagar Desai

No. Not degrowth. My question is very -- whether Sectrio is included in telco or non telco?

Nisha Dutt

Sectrio, you mean?

Sagar Desai

Yes. Sectrio.

Nisha Dutt

Sectrio is non-telco, non-core.

Sagar Desai

So now then that revenue what we had given for the fourth quarter is just INR 5 crore rupees. So, can we say that the top line is only INR 5 crore of this business?

Nisha Dutt

No. So it was more than that. But what has happened is through the year, we made a decision.

Sagar Desai

Correct.

Nisha Dutt

So Sorry. Go ahead.

Sagar Desai

Sorry. Yeah. Yeah. Sorry, Nisha. So, if you see the investor deck, actually, quarter four of 2024, the non telco component was INR 14 crores, okay? And then this year, obviously, it is only like roughly INR 5

crores. So, this is that this entire impairment towards that because non telco was in negligible, I will say, till the last year and only last year quarter four as something has come in and then has obviously gone into this entire environment exercise. So yes.

No. My second question is like you said, there is a hit of 300,000, which is roughly INR 2.5 crores. So, on a running rate of INR 5 crores and for the exit quarter exit of quarter 3 and 4, it is negligible, not even INR 50 lakhs of rupees. So where is this INR 2.5 crores which is going to come regularly? So, if my exit for the last two quarters is INR 5 lakhs and INR 34 lakhs, where is the question of INR 2.5 crores running it?

Nisha Dutt

That is for servicing the contracts, actually. So, see, the man what happens is that you meet a milestone, you take the money in. Right? But there are, there is still work that has to be -- so when you install a box somewhere, you still have to service that box. Right? You cannot leave a that's our challenge on exiting, the contract where if I have made an installation, I need to still run that installation. Right? Otherwise, the customer does not get any benefit from it. He has paid me, but what's his benefit? So, I still have to run it and sort of, you know, make sure that he's getting his value for money. So, the burn comes from actually servicing.

The revenue that we have recognized, we have to service that also. So, the burn that we are talking about through the year will be the service -- servicing component that they still have to do. And that is something that we are not able to back out of right now.

Sagar Desai

So, on the telco side of it, you don't have anything which is any contracts or any such big chunk of business which is running at a loss. Correct?

Nisha Dutt

No. Not at all. Telco is all good right now. Like I said, we have turned, you know, part positive. EBITDA has been, you know, 5 out of 6 quarters have been positive, actually. So, telco business, we are, I think we have fixed the fundamentals. That's been the big, effort, you know, somehow to fix the fundamentals. But the degrowth is also in the top line that you're talking about, only INR 5 crores is because early in the year, we made a decision to wind down the business. Right? We sold one and we decided to wind down the other one.

So, we decided to stop taking any new money in, contracts and all that because that keeps increasing your liability if you know that. So, when we decided to sort of wind down, we stopped taking new money in. And that's the reason why you don't see, you know, any top line that happened on the non, you know, non telco side. Right? The top line, we were trying to restrict actually. And see and there is some burn that we are carrying, which we will have to service some of the revenue that we have taken in past. So that servicing of contracts will happen. So that's the burn that we are anticipating right now.

Sagar Desai

Within telco or outside telco?

Nisha Dutt

Outside. Within telco, we are good. Yes.

Sagar Desai

So, on a quarterly basis, INR 50 lakh rupees is that burn. Nothing else. Correct, ma'am?

Nisha Dutt

That's correct. Yes. As things currently stand, that's the case. Like, I was saying that if we decide to sort of, you know, accelerate some of the events, that can I do more and sort of exit a little sooner, then that burn might increase a little bit? But that's a call that we will make as and when we get to it. But currently, the way we have at least budgeted for it, that's what we have budgeted. We have budgeted a 300k or so.

Sagar Desai

Yeah. So, the first contract where the burn was high, you are anyway out.

Nisha Dutt

So, we are anyway out. That's our receivables. There, we have receivables, you know, that we provide for.

Sagar Desai

That is that. Yeah.

Nisha Dutt

That's now what is left out is the --

Sagar Desai

Yeah. So, what is left out is the second small contract with whatever one you we talked about. Correct?

Nisha Dutt

Correct. Yes. Exactly.

Sagar Desai

So now on a steady state of affairs from quarter one onwards, assuming INR 75 crores of run rate of top line with the kind of EBITDA what you had projected, like 4%, 5% or 7%, 8% kind of an EBITDA, that is the kind of steady state of business we are looking out for?

Nisha Dutt

In the near term, I would say that's our, you know, as like I always say, no guidance, but at least ambition is to, in near term to stabilize too something around that. But, obviously, we want to kind of grow the top line a lot more aggressively. In fact, one of my personal ambitions, which I keep telling in company also, is that I want to see a 100-crore quarter. So, which was my ambition last year as well. So, you know, that continues to be something that I totally aspire to do. I want to see 100 growth quarter. I'm hoping that, you know, we are able to deliver to that. But, yeah, on a steady state basis, it'll take us some time to get there. But on a steady state basis, yes. On core, that's where we are.

Sagar Desai

So, I think we are here good to go and talk to institutional investors and participate in many conferences so that this visibility comes in. And probably the HNIs and the retail investors who are in this, you know, who are invested gets a proper price, you know, valuation particularly. So, I think some time if you can spend on meeting investors and trying to educate them about the things going forward.

Nisha Dutt

Sure. Yeah. Like you mentioned, right, we will try and do an Investor Day. We'll try and do a lot more outreach starting Q2. So, yeah, I think, it's fair ask.

Moderator

Thank you. We have a follow-up question from Mahesh Kumar, an Individual Investor. Please go ahead.

Mahesh Kumar

Yes, Nisha, see, for last 12 years or plus, Subex's performance is stagnated. And during that period, you were independent director on the Board. So, you have a macro view of the company, which is called garudadrushti. Now last two years, you are MD of the company. So, you have micro view of the company, which is called sarpadrishti. So, from your view, you can give a very genuine answer. What is the root cause of this poor performance for 12 years? See, 12 years is a very long time. Is it products are not relevant? Is it poor talent in the company? Is it faulty process and system? Or is it mindset of the organization is not conducive for growth? Please be genuine the answers.

Nisha Dutt

No. I will honestly answer this. So, Mahesh, like, all problems in life. Right? I mean, you can usually, not root cause it to one thing. It's usually a combination of factors. And, so it's the case here. So, I think what I tell you, see, from my perspective, one of the things that I didn't realize when I was on the Board and which sort of hit me when I joined, is the amount of tech lag that we had accumulated, actually. I would purely call it tech lag because the time I would say the 5, 6 years, which was very turbulent, right, from I think, 2012 to 2018 or so, where we were, like majorly embroiled in the balance sheet issues with bondholders. What that did was that's when a lot of our competitors were making gains, right, technically.

See, in a product business, in a technology business, tech investment is something that you must keep doing. Right? Like, there is an R&D spend that even they carry even now. Right? It's nonnegotiable in a tech business, and tech is moving very fast. You can't sit on a tech that's stuck, which is 5 years old. Right? And when I came in, that's one of the things that I realized quickly, that the tech lag was, I

would say, it's a significant lag actually that we had to catch up on. So how do you catch up on tech lag? Right? You have to invest. Where is the money to invest? And that's where the challenge starts. Right? Then you are on a treadmill. So that's when we said that we will have to fix the fundamentals, which means that I need to generate the bottom line. I need to get some money. Right? I need to pay cash to go back and invest. I don't have enough money to properly invest. I didn't have enough money to acquire anything or, you know, add on to my portfolio. Right?

So, it's one of the situations where, I think you don't appreciate it fully until you are in this seat. From a Board perspective, you cannot appreciate it actually, that how bad it can be when you are in front of a customer. Because all our business is RFP business. Right? The bulk of it is competitive, RFPs. In competitive RFPs, what matters? First, your tech matters even before the money. First, tech matters. And then, you know, you need to be able to show gains. So that's one challenge that I found which was kind of, you know it took us some time, honestly. And I wouldn't say that we are completely out of the woods now. But I think we have made a huge progress there.

Then we had made some commitments. Right? Like, I would say, Sectrio or IDC and all that. So, there were commitments that we were carrying for in the company, which I think was slowly leading us, actually. You know, it's a slow -- I call it the death by thousand cuts. Nobody is killing you in one shot. It's a death by thousand cuts.

Mahesh Kumar

When they brought to the board, did they mention that this market is OEM dominated market to the board?

Nisha Dutt

So, you have to remember that when it came to the board, it was an IoT business. It was not an OT business. IoT business approved. But then they pivoted, actually. After 2 years trying to make it in IoT, the management decided to pivot into OT. So that is not something they explicitly. Yeah. I mean, that's -- see. That's called a business pivot. No? They will not come to us for approval for those things. It's a -- and OT pivot, you also know, you are very well aware. Because you write to me, I know that you know this market. This is an OEM dominated market, and you need deep pockets to fight in this market. This market is not fought with, you know, \$10 million or \$8 million. This market requires significant money.

All you need to be able to show significant growth to do huge projects, which was our attempt. When I came in, I said that let's see if we can get money into this, actually. Before winding down the attempt, I was to see if we could raise money into this, which you failed to do. We were able to do for one, IDC. We weren't successful in the other one. In which case, we said that, okay, then we will have to reduce the burn. So, there are things or decisions that were made which were causing a drag on the core. So one is आपके पास पैसा नहीं है कोर में डालने को और दूसरा आपने ऐसा बिज़नेस खड़ा किया है जो आपका पैसा खा रहा है। So these are things I think you appreciate only when you sit in the seat. And, this is not said truly for that reason because you come in and you realize, amount of, I would say, cleanup or untangling that you have to do. And, that's exactly the journey I got on. I mean, two years ago.

So, I would say that from Board perspective, you are thinking that, see, if I go to the board today technically, and stand in front of the board and say that I have a great business idea, I think I should get into, for example, utilities market because my products have great utilities market. Now from a board perspective, how do they know? They are expecting that the management has done their diligence. Right? When you are proposing something, you have done the time analysis. You have done

all the analysis, market analysis. You know what your product fitment is. And if you have both, so board also goes with some bit of management confidence faith.

And see board, I till the time I was there, we were always thought that, you know, you want to back management. You want to hold them accountable. You want to be also champions of management. Right? So that's the spirit in which you do it. But then some bets take, you know, some bets pay off, some bets don't. And I think in Subex's case, what has happened is both bets didn't pay off than it did.

Mahesh Kumar

Both should be independent. They should not have any emotional backing requirement.

Nisha Dutt

No there is no emotional backing? No....

Mahesh Kumar

They have a potential responsibility.

Nisha Dutt

Exactly. And, see, we always solve our business cases and all that. Right? But if somebody shows you a business case, that will work technically. And, see, Subex, I also know that because I've been on the Board. I remember if you will also remember the history that there was always an ask on the Subex's management, right, that you should diversify out of telco. Don't just stick in telco. Can you diversify out of it? There was a strong task. I remember. And that's why that management decided that, you know, let's take some bets outside of it. See, intentions were right. The ideas were right. Or at least I would say the spirit of it was correct. It didn't just pan out, actually. Right? Because I think one of the issues is your idea may be best in the world, but your execution is strong, has to be very strong. Right? All startups also fail on that. The best ideas don't take off because the execution is not very strong behind it.

And I think Subex's had an execution issue. If I look back honestly, you ask for an answer, I would give you an executing, you know, honest answer. Execution was a very, very big challenge, actually. And that is something I still think is a little bit challenging for us. Execution is something that I keep telling internally also. You can, it does not matter what your idea is. If your execution like, you can take a B idea and make it work if you have A team executing it. But you can have an A idea. But if you have a b team executing it, you are definitely going to fail. So, it's one of those conundrums that Subex has always been in. And today also, I will say that, you know, I would say that I have yeah....

Mahesh Kumar

Are you saying that quality of talent is not good enough? Or we are also lot a good....

Nisha Dutt

Wasn't good enough. We have quite a bit of good. No. Actually, it wasn't the best. But, see, today, you will see that, you know, there has been a big change in management also, leadership also. Right? So, you continuously find see, there are people who are very good at what they did at some point of time.

Right? But what you what works once doesn't always work again. Right? So, you have to sort of start cleaning it up.

Mahesh Kumar

Yeah it's. Relevant to the current paying--

Nisha Dutt

Exactly. Because that's what the cleanup we have done. You are right. So that's the cleanup that we are doing.

Mahesh Kumar

What is your view about manage mindset of the organization?

Nisha Dutt

Mindset, I think, see, there are two types of mindset that prevail in the organization. Again, from you know, because I've had the privilege of having a little bit outside. I'm not a outsider.

Mahesh Kumar

Saying about Subex.

Nisha Dutt

Correct. That's true. Our mindset of the organization is two, I think. One is I see a lot of people who are very driven because they feel that, there is a lot of cutting-edge work that we do here, which they want to be part of. So, there is a lot of excitement. But there is also a group that feels....

Mahesh Kumar

What about development front, what about sales front?

Nisha Dutt

No. And there is also a group that feels that, you know, the organization is a little bit aging old. So there is there that sentiment as well, actually. So, in sales, I think they are generally also because sales is always one step removed from the core organization in the sense that our sales is global. So, people are sitting in Middle East. They are sitting in, you know, Morocco. They are sitting in the U.S. So, I think they are one step removed in the sense. So, they are excited about, you know their pressure on us is always the same. मैं नया क्या बेचू? आप मुझे नया क्या दे रहे हो? मैं क्या बेचू? Which I think is great pressure. Right? I mean, I think it's a positive pressure.

So, sales that way has been, I would say, good for us. Again, we have had churn in sales also where we have, you know, gotten new blood and fresh blood, fresh thinking. But, there's always that pressure that they create on us, which I think is very good for the organization. आप मुझे दस मिलियन का पोर्टफोलियो दिखाओ, मैं क्या बेचू जाकर। So I think those conversations are constantly happening, which I think is, the culture and spirit of it is good. I think, now I think we are at a point, I think, since last one year, I've seen internally, you know, I, which I think I always feel some tension should have tension. Right? सबको

कम्पर्टेबल नहीं होना चाहिए एक दूसरे के साथ। People should have tension. And I think that's playing out in to Subex. See, people, you know, थोड़ा लड़ाई झगड़ा करते हैं एक दूसरे के साथ, which is actually very good, which is helping people should push each other a little bit.

Not all of us should not sit back and say that सब ठीक है। So I think that culture change has seen, you know, Mahesh, where people are, you know, starting to engage with each other, challenge each other. Leadership also gets into hot debate, which I actually personally I enjoyed. So I think...

Mahesh Kumar

I think it's the organization mindset positive for growth?

Nisha Dutt

It's positive. It's positive. See, this change would not have happened if it were not positive. I think that mindset is positive. At least that's the sense I have, but it's positive. There are always pockets of skepticism in every organization, उसका हम कुछ नहीं कर सकते but I would say that broadly, it's positive also because there is a lot of fresh blood and new energy in the organization. So, you know, people see the possibility...

Mahesh Kumar

Selling AI agent and team of LLMs, you will need a different kind of talent. The talent we need to sell to an old existing products will not be good enough for selling AI agent and team of LLM. So how you are going to address that issue?

Nisha Dutt

You are bang on, and we are hiring differently, actually. So, what we have decided is that people who can sell a certain kind of enterprise sale product are not the people who can sell something which is, you know, a new age. So, we are actually hiring differently. So, this is correct. So, I've we have segregated actually our sales into bread-and-butter sales, which is, you know, I need to get the hypersense and I need to get fraud management. Then there is -- there are people who need to get focused on to be able to, you know, generate quick POCs, to be able to get take customer because this is unknown territory. Right? Customer also doesn't know. You are also sort of discovering a lot. So there is a different team that has been formed that will do this part. So, you are bang on. You're actually...

Mahesh Kumar

Are you getting talent from Google, Meta, or companies like this? So they will be costly talent, but it will set up a system and processes for selling such products and solutions.

Nisha Dutt

I am trying very hard, I can tell you. It's hard to hire. As you can imagine, those salaries are completely off track. But we are trying that Mahesh. We are trying, sales team is -- there is quite a bit of churn in sales team. So we are formulating a new sales team. So you are right. But it's little difficult, only because...

Mahesh Kumar

Getting people from FMCG to sell this technology product is not going to work.

Nisha Dutt

No. No. It won't work. We always hire from the domain only. We don't hire from right because....

Mahesh Kumar

Your Sectrio team was FMCG.

Nisha Dutt

Correct.

Mahesh Kumar

Because I have personally interacted with them.

Nisha Dutt

They are not making those mistakes. We are making getting global talent. Actually, you're right. See, a lot of our sales team, actually, I would say, maybe towards the people are in India. They are in the regions also. We don't run deals from sitting in India. So, like, you know, Middle East team runs its own deals. North Africa, Middle East is covered from Dubai, actually. Europe is covered from U.K.

Mahesh Kumar

So Proximity to locate customer is okay. But that leader should come from companies like this. So that he will...

Nisha Dutt

No. You have a fair point.

Mahesh Kumar

So that you have to work. So it may cost slightly higher amount, but it will create a platform for the company to, jump from that position.

Nisha Dutt

You are right, actually. Yeah. Yeah. I will see, not for the lack of trying. We have been trying very hard to hire, you know, from global companies, but as you can imagine, it's little bit challenging because the costs are completely out of that. Right? So, But, you are right. Maybe one or two people will still need from that pool.

Mahesh Kumar

Yeah. Your sales side should be from companies like this. Then only you can create a pipeline for new products and technologies. Because he will have the network connection in U.S. and Europe. So getting POC is easy with his help.

Nisha Dutt

Right.

Mahesh Kumar

Otherwise, you will face same problem like Sectrio and this IDCcentral.

Nisha Dutt

Right.

Mahesh Kumar

So late entry problem. Late entry people or organization, AI agent, and team of LLM, they will capture the market. See, even TCS and all these big companies are trying for this AI agent.

Nisha Dutt

Yeah. Yeah. And why shouldn't they know? I mean, this is the hot topic. Everyone will. So that's why, you know, the speed matters here. Speed matters. Our ability to go fast, theory matters here. No. No. I completely am aware of that.

Mahesh Kumar

Yeah. You focus on that and go and get it. I'm expecting that announcement that you will get people from Google, Meta, and some other companies.

Nisha Dutt

I am going to get my HR right away on it. No. Thank you, Mahesh. I will let you know.

Moderator

Thank you. We have a follow-up question from Abhishek Kale an Individual Investor. Please go ahead.

Abhishek Kale

Hey, Nisha, just one follow-up regarding the cash burn we were talking about for that one contract. So it's going to be 5 crores at max for two years, I mean, total in total INR 5 crores, right? 300,000 for one year, two years at max is what we are looking at but the contract duration is, right? So correct. If, we end up taking the part that we are taking now. But, it's entirely possible that see, that contract is actually not just two-year contract. It's a much longer contract. So what we might try to do is to do some development early upfront and to see if we can exit the contract a little sooner than the 5 year tenure that we have there.

Nisha Dutt

In which case, we might end up burning a little bit more this year to sort of, you know, service some of the pending items. So that's the evaluation stage that we are in. So that's why I was saying that at the minimum, we see 300k. It might become a little high depending on the call we make. But net it won't make a difference. I mean, if I were to take a two-year, three-year view, it won't make a difference, because we may bring some of our costs forward and spend little less later. So it may that's a trade off we will have to see what we wanted to do and how much we want to buy this year. But, net-net, it won't change. But this year, it's possible that, you know, we might make a decision to pull some development effort upfront. So that's the decision that we are still trying to sort of negotiate and find out with from the client. But, yeah, that's the one.

Abhishek Kale

And, Nisha, the Barcelona event where we showcase some of our products, right, did we receive any orders or RFI, RFPs after, that event?

Nisha Dutt

We did not receive RFI, RFPs. We got POCs.

Abhishek Kale

We got POCs, but like you said, they are paid POCs at this moment. Right?

Nisha Dutt

Yes. We generally refrain from going free POC unless it's a very, like, you know, three-week effort or something. They refrain from going free POCs because, obviously, you can imagine. If the customer has no skin in the game, then, you know, they will sit on the decision and take their own sweet time. If there is skin in the game, there is also seriousness from us and them. So that's why we usually insist on paid POCs.

Abhishek Kale

So, I mean, I'm just trying to, put some numbers together in my head. Assuming we don't get the INR 16 crores, the ones which we had talked about. I'm just being very pessimistic at this very moment. I don't get the INR 16 crores provision, plus say I take what INR 10 crores hit on this contract, I'm just talking about worst case. So INR 26 crores is gone, but I have about a INR 32 crores income tax refund. So net-net, my impact is about INR 6 crores, which will show positive in my account. Am I right in, reading between the I'm just trying to see the positive from I don't know.

Nisha Dutt

Broadly, yes. What do you think, Sumit?

Mr. Sumit Kumar

See, from a cash flow, yes. Because income tax refund is not a PNL item. It's a cash. So yes.

Abhishek Kale

I mean, for me, the way I'm looking at पचीस जा रहा है, बत्तीस आरहा है, सात मेरे हाथ में है बस ख़तम।

Mr. Sumit Kumar

That's why it's cash flow here.

Nisha Dutt

So mutual differently, but cash flow.

Abhishek Kale

मेरेको वैसे कंपनी को as such impact नहीं है। यह जो जाने वाला है पैसा, अगर गया तोह भी इनकम टैक्स रिफंड में रूक कर दिया है।

Moderator

Thank you. There are no further questions. Now I hand over the floor to management for closing comments.

Nisha Dutt

Thank you all for joining. I know, you know, it was supposed to be an hour call, but, it's almost ended up being two hours. But thank you for being patient, staying with us. But, again, you know, my emphasize, I know the numbers sometimes don't give the right pictures. So again, just to tell you that, you know, I feel that we are on the journey to fix fundamentals. We wanted to fix core business. And I think that's broadly and essentially what we have done in the last two years. The numbers will bear that story.

So I would again urge that, you know, always see a little bit -- and if you -- if the numbers don't give you the right context, please reach out to us. I'm happy to talk to you and tell you, what we are doing exactly. But, there is some drag that has been caused, which we may continue to have some drag, but rest assured, the business fundamentals are solid. We are going to free up some cash and start reinvesting in the core business. I think we have the right ideas. And, you know, this year, my big challenge, I think, will be growth, because I think bottom line somewhere we have started fixing.

So that's a journey that we have to be on, but growth is one big lever that's missing right now for the last one year. So, this year, definitely, I hope to get back on that somehow make sure that, you know, growth comes back so that we are all looking at a company that's much more healthier. That has some growth that you can see on the top line, you are consistently seeing a bottom line. So that's really where we are. Again, noncore, please always, when you see the numbers, just make sure that you see it in the right context of, what is the noncore versus core. Core is where we are focused right now, and that's going to be my focus going forward.

So that's all I wanted to say. Thank you again, and, you know, I really appreciate you taking the time to come to the call. And I look forward to speaking to you next quarter, and, I think one of the investors made the suggestion of an Investor Day. I think I like the idea, so we'll try and get that organized. So, we get to meet all of you one of the days in our in Bangalore office.

So, thanks again, and I look forward to seeing you in Q1 earnings call. Thank you.

Thank you, everyone. 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 now disconnect your lines. Thank you, and have a good day.

Note:

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