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November 19, 2025

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NSE Symbol: SUBEXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Call held on November 12, 2025

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

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

Kindly take the same on record.

Thanking you

**Yours faithfully,
For Subex Limited**

**Ramu Akkili
Company Secretary & Compliance Officer**

Encl.: as above

Subex Limited

CIN - L85110KA1994PLC016663

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Subex Limited
Q2 FY26 Earnings Conference Call

Event Date / Time: 12/11/2025, 11:30 Hrs.

Event Duration: 01 Hr 20 mins 16 secs

CORPORATE PARTICIPANTS:

Ms. Nisha Dutt

Managing Director and CEO

Mr. Sumit Kumar

CFO

Mr. Harsha Angeri

Head Corporate Strategy and AI

Mr. Ramu Akkili

Company Secretary and Compliance Officer

Mr. Pratik Jagtap

EY - Investor Team

Q&A PARTICIPANTS LIST:

- | | | |
|---|--------------------------|-----------------------|
| 1 | Sanjyot Khare | : Individual Investor |
| 2 | Abhishek Kale | : Individual Investor |
| 3 | Mahesh Kumar | : Individual Investor |
| 4 | Gokul P | : Subex |
| 5 | Ajay Doshi | : Individual Investor |
| 6 | Jitendra Bhutoria | : Individual Investor |
| 7 | Ajay Desai | : Subex |
| 8 | Patrick Mathias | : Individual Investor |

Moderator

Ladies and gentlemen, good day, and welcome to Subex Limited Q2 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing * then 0 on your touch-tone phone. Please note, this conference is being recorded.

I would now like to hand over the floor to Mr. Pratik Jagtap from EY investor team. Thank you and over to you, sir.

Pratik Jagtap

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

I would like to start the conference call by going through the Safe Harbor clause. Such statements in this presentation concerning our future growth prospects are forward-looking statements, which involve several risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to successfully integrate acquisition, competition in our areas of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry.

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

Nisha Dutt

Thank you, Pratik. Good morning, everyone, and welcome to our investor call. Thank you for joining us today as we share updates for Q2. Before I get into the Q2 update, I'd like to begin by addressing the board level changes that took place following our last AGM. Our chairman, who was retiring by rotation, did not receive the requisite majority and consequently ceased to be a director.

Following this, two other independent directors have also stepped down. We thank them for their valuable contributions and support during their tenure. My immediate focus right now is on reconstituting the Board. We intend to complete this process ahead of our Q3 results. More than simply filling out the position, my goal is to bring in leaders with right expertise, individuals that are aligned with our vision and capable of driving innovation and long-term value.

So, this may take a little bit of time, but we'll get there. I also want to assure you that our business fundamentals remain strong, and our strategic priorities are firmly on track. We are also in midst of a broader reset at multiple levels. So, we are doing a reset across the brand, at the board level and at the management team level as well. We have recently on-boarded a new sales set, and I'm also in the process of bringing in some legal and HR leadership.

So, this is a part of a larger reset, and I would say that most of the cleanup that I've been speaking about in our investor calls is behind us. But that said, a few legacy areas still require a deeper review.

So, some of these may call for some financial or structural corrections in the coming quarters to ensure that we right-size the business and set a strong foundation for sustainable growth.

Now, coming to the Q2 results, I'm happy to share that for the first time since June 20, 2022, we have achieved operational profitability. We are PAT positive without any exceptional items. So, I would say that in the truest sense, we have returned to profitability this quarter driven by operations and not one-time gain. And this is a key milestone in our journey, which strengthens our ability to reinvest in growth. This is something that we have been driving towards as you are aware from the beginning. I've been saying that we are trying to fix the fundamentals of the business, and I'm trying to put Subex back on a sustained trajectory. So for me, this is a big milestone actually.

And our top line this quarter grew by approximately 4% over the previous quarter. EBITDA has been positive six out of the eight quarters. So, I would say that -- sorry, seven of the eight quarters, reflecting consistent and disciplined performance. Overall, our business remains strong. We are supported by a robust order book.

In the last few months, we have announced deals worth \$15 million that we announced to stock exchanges and I think most of you got it. So, we have renewed long-standing partnerships with our leading operators in APAC, Europe, and over for five and six years respectively. And we have also secured new engagement with a leading telco in Netherlands to deliver a unified platform for MVNO billing and wholesale partner settlement.

We also won a major deal with leading APAC operator to upgrade and enhance their revenue assurance and fraud management capabilities through Subex's HyperSense platform, including AI use cases. So, this should strengthen our revenue protection, improve fraud detection and unlock recurring value.

Another significant win came from Middle-East, where we'll upgrade an existing fraud management system to HyperSense. Again, we'll leverage AI to enhance operators' fraud management capabilities. So this, all in all, if you think about it, we have actually had good wins this quarter from, I would say, across the geographies. We had wins from Middle-East, Europe, Africa. So, it's been APAC. It's been quite nicely spread out for us, and that tells us that we are doing something right here.

We have been building our order book quite strongly. And from a thought leadership perspective as well, Subex has been recognized for the second consecutive year in Gartner's Magic Quadrant for AI in CSP operations. So, this is an acknowledgment of our position as a trusted innovation partner to telco leaders worldwide. I think this is also notable specifically because we are one of the few product companies from India in this quadrant, and that really makes us proud because most of the other companies that you would find in the quadrant are more service companies.

So, we have some unique distinction here of being a product company. While we have maintained profitability, achieving consistent top line growth remains a challenge, and I'm aware of that. So, my focus going forward is to make sure that we deepen relationships within our existing accounts through new product offerings to expand our customer base in premarket. And this should help us get back on the top line growth curve, which we really definitely want to get back on. So as a part of this reset, like I said, we have strengthened our management team.

I've appointed a new head of sales. He's based in Europe. He brings extensive international experience, strong sales leadership, deep domain expertise in telco and technology. So, I'm hoping that he will really help us play a key role in driving the next phase of growth. And as several of you have requested

in past, we are planning to conduct an investor day in the next few weeks. So, please keep an eye out for the announcement around it.

And next, I'll just cover consolidated financial results for Q2. All numbers are in INR. Revenue for the quarter stood at INR 68.9 crores against INR 66.4 crores for the previous quarter. Normalized EBITDA for the quarter is at INR 7.3 crores against INR 4.3 crores for the previous quarter.

Normalized PAT for the quarter is at INR 3.9 crores against INR 12.8 crores for the previous quarter. PAT for the quarter is at INR 2.8 crores as against INR 13 crores that included an exceptional item in the previous quarter.

So thank you for listening. And as always, I'll brace for the real action now, your questions and comments. So, I'll hand it back to you.

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 * and 1 on your telephone keypad.

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

Sanjyot Khare

Hi. Good morning, Nisha and team. First of all, congratulations on positive PAT quarter. Really, we are seeing this after a long time, and great work there. So, my question is about the business outlook. I mean, it's good to see that three orders, big orders have won in this quarter. And how the business demand look like? Are we seeing a pickup in deal conversions? Are there any large transformation programs or customer wins in pipeline that could marginally impact FY26 revenue?

And another question is about any collaborations in AI ecosystem that could expand Subex addressable market. Are you looking, planning or already in some of these collaborations which should be helping Subex increase the market?

Nisha Dutt

Hi. So, on your question in terms of deal conversion, we are definitely seeing much faster flips than I saw last year, and I would say a few previous quarters. So definitely, this has been a good quarter for us. In terms of deal conversion, what we are seeing truly is that there are geographies that have become a little bit more agile, and I would say faster for us. But there are still one or two geographies which are slow. And what that means by that, I mean that I might have order win that I am sitting on, but I don't have a PO from them even after few quarters have passed.

So, there are some geographies that are really slow. So, I'm hoping that they also pick up and then we are able to come back and announce a few more deals. But overall, if I think about it, I think it has been -- I'm seeing some better conversions this year, definitely. But, yeah, one of the geographies continue to cover less.

In terms of your question on AI, I think we don't have a specific collaboration. What we do is we typically work with our customers on POCs, and we collaborate directly with them. We do have data

partners, but we don't have specific collabs in that sense. We are working across LLMs and AI, and we do both cloud-based and on-prem. And we work on specific use cases with the customers, which I've spoken about earlier also. So, we have two customers in North America. We have one in, actually Middle-East that we are working with. So, there is quite a bit of customers that we are working directly with, but no specific collabs.

Sanjyot Khare

Sure. Thank you for that. And so this Q1, I mean, as we got the positive PAT after long time, so is it going to be like one off the quarter? Or are we seeing going forward, we'll be having at least positive PAT? I mean, I'm not asking about how much it will be increasing or that we'll be maintaining this trend?

Nisha Dutt

So definitely, the effort is to maintain the trend now, see, because we got to this after a lot of like, I've been telling my team last quarter in tears. So, we are here now, so we wanna keep it sustained from here on. And I don't want to make it about onetime gains and all that. That quantum of it and so our effort, at least this management team is 100% going to pay to make sure that we keep the momentum right now. So, that's what because if you really think about it, there's been a lot of cleanup.

Some of the big burn businesses, like TechView are not there with us anymore. So, we have gotten here, and I don't necessarily foresee anything major right now. But again, it remains to be seen. But effort is definitely going to see that we keep this momentum now.

Sanjyot Khare

Sure. Thank you. And my last question is about can you clarify on your strategy around M&A? I mean, are you actively looking for any M&A right now?

Nisha Dutt

M&A, again, I mean, we are not actively honestly in market. The one effort that we want to definitely make is, and I've said that in past as well, is that we do want to make sure that we can get some stabilization to our cap table. So, that's some effort that we will make. But other than that, we are not actively pursuing any M&A opportunity right now.

Sanjyot Khare

Thank you, Nisha. I will come back in the queue. All the best.

Nisha Dutt

All right. Thank you.

Moderator

Thank you. I request the participants to restrict with three 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

Hey, Nisha, Harsha, Sumit, and Ramu. Good morning, everyone.

Nisha Dutt

Good morning.

Abhishek Kale

Yeah. Nisha, first question in the AGM, I had specifically asked for a clarification from the then Chairman, Mr. Anil Singhvi, regarding the insider trading. If we would want -- if I as a shareholder would like to get that investigated, can we do that? And what would be the procedure for that? Because that question was specifically left unanswered.

Nisha Dutt

That is correct. The way it works, my understanding, Abhishek, is that the way you can get insider trading investigated, if that's what you kind of have any suspicion around, would be that you would have to write to us because, typically, what happens is that I'm not sure, but we don't take cognizance of it on a call. We typically, you would have to put it in writing somewhere so that we can then take it up and I'm correct. Right, Ramu?

Ramu Akkili

Yeah.

Nisha Dutt

Okay. I'm checking with Ramu as I also answer this question. But my understanding is that once you put it in writing, then we will take the steps to investigate it the way we need to. I think there are some processes around it, and we'll do the due course, investigation, whatever is required, and we'll take it up.

But I think we can't take cognizance of it on a call, typically. We need to see it written somewhere.

Abhishek Kale

Understood.

Nisha Dutt

You have to almost, like, officially complain, I think, to audit committee. My understanding is it has to be written to audit committee.

Abhishek Kale

Understood. If needed, I'll do so. Second, a follow-up on that. We are talking about the cleanup. Right? Or I think, if I understand correctly, we are mostly through with the cleanup as you said. Now, this legacy issue of insider trading, and what steps would the management do or what policies would they enforce to ensure that such a thing doesn't happen in the future? Because the disclosures that

happened during the whole HyperSense and the licensing to subscription transition were horrendous. We got to know about those in the con call at the time of results, wherein, insiders had this information and they made a clean exit.

So, what we would want as shareholders, if you're talking about transparency, right, we would like this. Well, these are very price-sensitive informations. And if, the insiders are taking an action on it, I mean, the whole credibility of the organization goes for a toss. Now that you are heading the organization, how can we ensure that we send a strong message to the insiders that enough is enough? And if this happens, the X Y Z action would be initiated type of. How can that be done?

Ramu Akkili

Yes, Abhishek. Let me answer to your query. We have a code of conduct internally. One has to follow the code of conduct. At the same time, if there is any UPSI, we have the trading window closure practices, which we have been following strictly.

If there are any trades that will catch it and will inform to SEBI. Okay? For the past, we are not seeing such type of trading by the insiders. The one which you are saying, I don't know about it. Once if somebody says about it, we'll look into it for the past matter.

Abhishek Kale

Okay.

Nisha Dutt

Also, Abhishek, typically, we do have an SDD process where we don't make any PR or announcements unless they set a certain level of maturity, and it's strictly controlled. So, we don't announce any deals internally as well or we actually don't have anyone before we tell the stock exchanges. So, it's very controlled.

We are doing all the process. So, your allegation is it probably happened despite that. So my point is that, we are following all the process, actually internally. But at any point of time, if you think that there is something that we could do to strengthen or if you have any questions because I'm seeing you raised this for the second time. I would say that in that case, you should write.

Abhishek Kale

This is the third time I'm raising this on a call, but I've not sent an email to Ramu or, I mean, the right group to have this checked. I'm sorry to interrupt, Nisha, but I was specifically referring to not the deals portion of it, but on the things which are not working out. I mean, we launched a new product. There was a huge buildup. And then as we all understand, some things did not work out.

But then we got to know when everybody had made a clean exit. And the shareholders got to know it from Vinod at the time of con call. Right? And it happened with the licensing to subscription as well. I mean, these were the shockers that we got after the fact, wherein everybody inside the company knew that this was coming, and they had a clean exit.

And I'm talking specifically about the key management personnel and I've named the one who were the keys. And the previous CFO as well had made a clean exit.

Ramu Akkili

Thank you. Thank you, Abhishek. We have the policies strictly enforced. So, everybody, internally who has UPSI, is required to follow this.

Abhishek Kale

And then if you guys can assure that we are going to make sure that these policies will be enforced then I'll keep a tab on how things are going on. But, I mean, I'm just keeping my fingers crossed that everything goes as per plan. Okay. Now, coming to the business end of the questions. What's that product roadmap for the next two years, Nisha, if you can?

Nisha Dutt

Product roadmap, actually, we will be -- in fact, when we do the investor day, we'll share a lot of product roadmaps with you. We'll share it for every product. Broadly speaking, if I were to explain it in a broader sense, we are trying to make -- what I wouldn't say trying to make, but we have made the AI pivot.

So, what we are doing is we are making it all GenAI native. All the products will be GenAI native right now. So how do we make it? Obviously, every product is going to be a little different. Like, assurance is different from fraud management, which is different from our billing system. So, we are seeing what are the opportunities to make a GenAI native, more lighter version of products that don't have to go with hand in hand with very heavy implementation cycles. So, we are also rethinking our product suite in that sense. How do you build lighter? How do you deploy lighter?

So, in terms of product roadmap, that's where we are headed broadly, but we'll happily share detailed product roadmaps with you when we do the investor day.

Abhishek Kale

Perfect. Two questions if I may squeeze in one extra. The write-off we took for Sectrio. Any updates on that? Where are we on that?

Nisha Dutt

So on Sectrio, what we are doing is, like I said earlier, the write-off that we had taken off, I would say, the provision that we had made, we are pursuing that. I don't have honestly any updates to give there in the sense that I can't say that we have recovered the money yet, but we are pursuing it aggressively in all forms, I would say all means available to us right now to go and see what we can recover.

So, all the efforts are on. I'm very aware that, that needs to be recovered. So, we are taking all recourses, including legal where available.

Abhishek Kale

Okay. And one forward-looking statement, if you can give us, the magic number of INR 100 crores top-line for the quarter. When do you see a likelihood of that happening?

Nisha Dutt

INR 100 crores? This has been my internal push as well to all my teams that I really truly, truly do want to see INR 100 crore quarter. It's not just an aspirational thing. When can we get there? Honestly, if I knew it, I would tell you. But there is a strong push, Abhishek. , internally also, there is a strong push.

All of us are pushing towards it. Our order intake last year was a little lukewarm. So, that's kind of what's reflecting in our top-line numbers this year because a lot of our business is backlog based. Right? So, hopefully, I'm thinking that since this year, we have a more robust order book. We might be able to do something hopefully next year.

Abhishek Kale

Great. And Nisha, one last question. How much?

Moderator

I'm sorry to interrupt sir, Mr. Abhishek.

Abhishek Kale

I'll join back the queue. I'll join back. Thank you.

Moderator

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

Mahesh Kumar

Yeah. Good morning, Nisha.

Nisha Dutt

Good morning.

Mahesh Kumar

First question is, what is the order book as on November 1 and what is the order funnel?

Second question is in Q1 investor call up to FY2425, you have mentioned that you have invested in Privasapien, which is basically data protection and privacy related to AI. So, what is the intention of Subex investing in that company? And are you going to integrate their technology into Subex product for telecom market?

Nisha Dutt

Okay. In terms of order book, Mahesh, I can't -- as you can imagine, I can't disclose the order book because this call is picked up. This is a public call. Right? It's picked up not just by shareholders. It's also picked up by competition.

Mahesh Kumar

But generally, all companies disclose this order funnel and what is order book as on last year.

Nisha Dutt

No, I already reported -- all the material orders have been reported to the extent of INR 15 million we have reported. Obviously, the order book is larger. But, at least so wherever it's material or needs to be disclosed, we have been disclosing it, Mahesh. In terms of order funnel, I believe I continue to believe that this year, we have seen an actual uptick, like I said earlier as well. So, order funnel continues to be strong, actually, this year.

Mahesh Kumar

See, what happens is if you disclose all this information, then we get idea what is happening in the company. See, ultimately, what matters is the money in bank account. Whether your product is great, you are in the magic quadrant and all that, that is immaterial.

Nisha Dutt

Which I think is good. You would agree. Right? If we have INR 135 crores in bank right now. So, I think we have strong liquidity position.

Mahesh Kumar

Like you are saying, you are going to do some cleanup, so some money of that will evaporate now. Just now you mentioned, some cleanup will be done.

Nisha Dutt

Yeah. I mean, I don't -- I mean, whatever will happen, it's not cash related. You will not see the evaporation of cash. That I can tell you. So, unless we make investment.

Mahesh Kumar

All BSE- or NSE-listed company, if you take Intellect Design, they give order book as well as they do order funnel. Same is with the startup companies listed in Australian stock exchange as well as American stock exchange. Are you saying that they are not afraid of their competitors?

Order book gives us idea that what is outcome of work done by your team? An order funnel tells us what is the roadmap of your team to capture the market. Unless this information is given, we are actually totally blank.

Nisha Dutt

Okay.

Mahesh Kumar

See, I have given you at least five, six presentations which are listed on Indian stock exchanges, also on global stock exchanges. There, they are disclosing. If you see Intellect Design Arena presentation,

that is the best presentation in India. And he told, again, I will reach 30% net profit margin, and he has reached.

See, that is what is required. Getting orders is okay. That is you announced just after AGM. But I have been requesting this order book and order funnel for last three years.

Sumit Kumar

Okay, Mahesh. What we will do is, Mahesh, so if you see, our investor deck is actually enriched now and gives additional information. And, regarding your request about the order book, the current status.

Mahesh Kumar

Order book and order funnel.

Sumit Kumar

Order funnel, both we will look into that.

Mahesh Kumar

No. But this answer, I am getting for last eight, nine quarters, we will look into. And see, SEBI has not prohibited you from doing all these things, neither exchanges.

Nisha Dutt

No. I never actually said that, SEBI. So this, I don't consider as forward-looking. This is more sensitive to me from a competition point of view. Because when I give you order funnel and things like that -- see, this is a small market that we are in, Mahesh. The truth is that the market that we are serving, we are working in a duopoly situation. So we are there, and there is one big competitor. And then everyone else is a distant third force. Right?

And they are all unlisted. So, they are under no obligation. See, my competition is all unlisted. They are all private. They are under no obligation to disclose anything and we are in a tough market right now. So anything that it's not to keep it away from you. My point is that anything that I say, it's very easy for somebody to extrapolate what orders or what deals I'm changing right now.

And hence, we try to maintain some confidentiality around it. It's not to necessarily keep information from you. And that's why I've been saying, I've always been very transparent even in past. When the order book was lukewarm, I came back and said that it was lukewarm.

Now, I'm telling you it's robust. That's because it's actually picked up. I've always been transparent to that extent, but to actually talk about specific numbers, it's almost like, see, we work on a backlog basis. Right? If I give you the order book, anybody can then tomorrow stand there and calculate what I'm going to tell you in Q4.

It's that sensitive. And that's why I would like to keep some confidentiality around it. I hope to understand that's what we are trying to do. It's not to keep information away, but we need to be sensitive enough for the market that we are working in.

Mahesh Kumar

See, you can share the outcome of the work in some other way also.

Nisha Dutt

We are actually sharing. Right? I mean, all the significant deals we have announced, actually. So, wherever I feel that you need to know, we do announce, in fact. We took the feedback from shareholders.

Mahesh Kumar

Last investor call, you have done some announcement. I'm not disagreeing that. So, that announcement, you have done. So, on that front, there is an improvement.

Nisha Dutt

Okay. So, maybe I can answer your Privasapien question because on Privasapien, it was a good area when we invested earlier. We are constantly monitoring it for integration opportunities in telco, but that's generally the journey, actually. We haven't taken them to our customers right now or fit their product into us. So, we have not done any kind of integration right now.

Actually, that's the conversation we have been having with that founder. Honestly, we haven't found a very clean opportunity, but we continue to look for one. So currently, as it stands, it's an investment, which I think is in a sort of convergence with us. Investment cases, at that time, my belief was, or at least I wasn't there, but my understanding of investment thesis or the one that we continue to hold right now is that we are working in an area which is actually becoming extremely important as we go forward. Right?

As a number of AI models in each and every telco and company increases disproportionately, what will happen is the security around the AI models and GenAI security will become more and more important because your attack surfaces for the companies increases. And what Privasapien does is exactly kind of work in that area where they secure your AI and GenAI model. So, I think that as areas go, it has very high potential.

Harsha Angeri

And just to add, I think the only thing that we also monitor is the question remains as to whether this layer of security will remain outside the LLMs, or will the LLMs kind of bring it inside? And we spend constant time with them, understanding what their progress is, where have they been within clients, what are their delivery and so on.

Mahesh Kumar

Okay.

Nisha Dutt

So, we continue to believe that they are in a good market, actually. They are also in a market that's very forward-looking in something.

Mahesh Kumar

What is the percentage stake Subex is holding at the moment?

Nisha Dutt

2.6%.

Mahesh Kumar

So, there is no plan to increase it?

Nisha Dutt

Not currently, actually. Because I think, any cash that we throw up, I mean, we have ourselves enough investment areas internally identified where I would want to plough back the cash.

Mahesh Kumar

Yeah. Because, see, that AI security is going to become the very important area in future.

Nisha Dutt

That's correct. Absolutely. And that's why we continue to hold that stake.

Mahesh Kumar

So, if we invest now in a bigger chunk, say, up to 25% and around that, so you will have the say on the road map of the company and how to integrate into our products. See, that will give a differentiation in the market.

Nisha Dutt

Yeah, I hear you, but the thing is that our money is -- I mean, we have a lot of our own aspirations and roadmaps identified, Mahesh, and I would rather invest it back and plough it back into our product suite because my span of control on our product and the markets that we deal with is so much higher, right, than when you are investing outside. So I think in that sense, I think we will make that call as we as we go forward.

Mahesh Kumar

That is security is very important area. See, if some other traditional security company invest in that and then you don't have any say, that will put you at this 2% is of no use.

Nisha Dutt

I still think it will be of good use, actually. As their valuation improves, we'll actually stand to gain from it.

Mahesh Kumar

But see, if they dilute the equity.

Nisha Dutt

That will be a subsequent route. If we think that, we need to up our stake at that point of time, we'll make that call. Yeah.

Mahesh Kumar

If they dilute the stake then your stake will come down to point 0.2% or something like that.

Nisha Dutt

No. That's correct. That's what we have right to up our stake in the subsequent rounds. So, when he goes to do higher fund raise, we'll take a call.

Mahesh Kumar

So, what I was suggesting you, you have this on your whiteboard because this is the area which any AI company will need.

Nisha Dutt

Correct. Yeah.

Harsha Angeri

That is correct. Yeah.

Mahesh Kumar

And my last question, now when you are getting the new.

Moderator

I'm sorry to interrupt Mr. Mahesh, can you join back the queue, sir?

Mahesh Kumar

No. This is my third question only. First one, this is third one. See, when you are taking a new board members, please ensure that no punter is on the Board. And second, get the expert who has global expertise or global recognition.

Nisha Dutt

Sure. Absolutely.

Mahesh Kumar

Okay.

Nisha Dutt

Thank you.

Moderator

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

The next question comes from Gokul P from Subex. Please go ahead.

Gokul P

Hello. Good morning. Thank you for the opportunity. So, I have three questions. One is could you explain why there's a YoY decrease in the APAC region revenue?

Nisha Dutt

Sorry. Could you repeat? I didn't catch that. I'm sorry. I didn't catch it. Could you please say that again?

Gokul P

Yeah. The YoY decrease in the revenue from the APAC region and the rest of the world.

Nisha Dutt

Okay. What's the next question?

Gokul P

Could you explain why there's a -- what the reason for decrease? Like, is there you have lost some anchor customer? Or is it just like a YoY thing and it will recover in coming quarters?

Nisha Dutt

No. I mean, we have -- like I've said before also, we have zero churn right now. So, we have not lost any customers, but it's the nature of QoQ. Right? Some quarters, you have more MS. Sometimes you have some PR set down. So, it's the nature of what kind of work that you are doing in every region. It's not reflective of losing any customers per se. So, this kind of small variations you will see across quarters or in regions.

Sumit Kumar

So, you can see YoY, the decline is largely the non-telco, which, the sector business that we are talking. And, as a strategic decision, we came up. But from a telco business, if you see our investor text also, which is holding it up, but there's some marginal decline based on the nature of the some managed services or, let's say, implementation services or broadly, the revenues are holding it up.

Nisha Dutt

Yeah.

Sumit Kumar

Yeah.

Gokul P

Okay. Understood. And secondly, on the monthly recurring revenue, we used to report it about a year ago, and we have stopped reporting it over the past few quarters. So, is there any increase in the revenue? Because last time we talked about it, you mentioned that it takes about a year for these projects to be implemented and get reflected in the numbers.

So, is there any increase in the revenue rate or is it still flat? And when would you see change towards?

Sumit Kumar

Yeah. Currently, it's more or less flat because still we not really converted the entire revenue to the subscription and all because there is bulk of the implementations that is still on. And as we explained earlier also, it's the large implementations that are there. So, once you finish the implementation cycle, then only the subscriptions or support services start. So, still from that angle, it is there.

There's a small uptick in there, but it is, I will say it is broadly in the range of the similar which we used to report earlier. That's why we stopped reporting because it's just not giving the real outcome to that. So, once we catch it up, we'll start thinking about reporting that piece.

Gokul P

And could you, like, guide in how many quarters we can see a change in the numbers?

Sumit Kumar

Which number you're saying? The MRS?

Gokul P

Yes.

Sumit Kumar

Maybe another three, four quarters from now.

Nisha Dutt

Yeah.

Gokul P

Okay. Understood. Thirdly, before this also about a few quarters back, you had mentioned that there's a few of old timers in the sales team. There is some inflexibility in them. And since we are overall having a change in the entire company regarding the independent directors and the sales team every year, so is there going to be some replacements or new hires?

Broadly, will you be looking to replace the sales team that you had referred to in a few quarters back?

Nisha Dutt

We have actually. Right? I mean, the sales side has been on-boarded as of I think last week. So, the head of sales himself has been changed. And I think we are making some other changes as well on downstream.

But, again as you can imagine, it's not going to be a 100% turnover. It's going to be, we'll do it in parts. But we haven't already made quite a few changes. So when I think of the reset, it's true. I think that we have a board level reset. We have a management reset that's going on. We have a band level reset. So there are resets that are happening, product portfolio. So, we are looking at it comprehensively.

Gokul P

Okay. Thank you. And finally, about the Sectrio. So, we had two contracts, and one was almost near negotiation for closure. So, as the closure happened, could you please update on that?

Nisha Dutt

We are almost done. They are just dotting the I's, crossing the T's. We are almost done. So with one, we are done. The other one, we are in the recovery process, as I mentioned before.

Gokul P

Okay. Thank you so much for the updates.

Nisha Dutt

Thank you.

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 Ajay Doshi, an individual investor. Please go ahead.

Ajay Doshi

Hello?

Nisha Dutt

Hi, Ajay.

Ajay Doshi

Hello? Yes. Am I audible?

Nisha Dutt

Yes. You are.

Ajay Doshi

Thank you. Namaste to all. Madam, thanks for your views presented, past, and, looking ahead for the future. AI is your product and AI is the word which is used everywhere in all newspapers and journals. This is going to be the future. It seems presently. Now with AI in the driver's seat for you in telecom, have you thought about diversifying? See, what views I'm presenting is my personal. It's not binding on you, but just my views after reading this financial newspapers and journals.

Is company developing any product in in other field, such as legal, education, defence or power? There's a big focus. Now, in the end, you can summarize if you wish, but just emphasize, power test is a very alarming issue in this country. Transition and distribution, where lakhs of millions of watts of units are being taken away by TESS.

There are big power companies, Adani, Torrent, Tata's and JSW Energy. And I view this as big business for the future. If company is thinking of diversifying from telecom to other businesses, these are going to be future business, legal, education and defence. Madam, effects of changes in U.S. law, H-1B visa fee hike and higher act.

So, I would like to know your views affecting this company where you have a product in America, a company in America also. Your vision for the future, you have presented. Gold and silver, I'm confident you will take Subex to new heights in the years to come.

Thank you very much.

Nisha Dutt

Thank you, Ajay. Thank you for that code of confidence. So, just to answer your question in terms of adjacencies. So, telco adjacencies are, see, when you talk about defence or legal or education, I don't think of them as adjacencies. They are like new verticals by themselves, actually.

And where we have been focused on is telco adjacencies. So, like I've also mentioned before, a lot of people have asked me earlier also, why don't you move away from telco? And I always feel that telco first and then adjacencies. The reason is because if I look at the amount of growth or the quantum of growth that I really need right now, I think we have more than enough headroom actually where we are. We just need to make sure that we make it happen.

And, again, when I talk about adjacencies, there are sectors like, telco wallets. I'm talking about which is, kind of fintechs, telco fintechs. I am talking about OTT, which is all your Netflixes and Amazon Prime and all these platforms. So, we are looking at adjacencies.

The challenge of going into entirely new domain. Right? Let's take, for example, legal, is truly that, the GTM, the cost of actually cracking a market open is extremely high when you do not have domain knowledge in a certain domain. And that becomes a big factor for us. So, where I want to go is to make sure that, first of all, my current suite of products can horizontally scale into that domain. So for instance, if I do fraud investigations or I do fraud management, right, my fraud management can actually go into a fintech or a wallet because it's like transaction monitoring.

It's very easy for me to horizontally scale my product into that. But can I horizontally scale a fraud management product into education? I'm not sure. And do I understand enough about that domain to be able to go crack it at a low GTM cost? Again, I am not sure because it's many steps removed from where we are.

So, we are actually thinking about some of these things. This is constantly a debate internally as well. But where we are, I'm looking more in terms of adjacencies right now, looking at bad debt. How do you create AI model for bad debt, for instance?

Can I take that to fintech and finance institutions? Yes. Answer is yes. But can I take it to a legal? I am not sure. So, those are opportunities we are evaluating. But, again, I wanna make sure that whatever we do, we don't do it at the cost of very high GTM. Right? Your if your GTM cost goes very high, it kind of defeats the purpose.

So, we are building today, and I take your point in consideration. I think these are industries of the future, but I feel that where we are headed as a product company in terms of making sure that we are able to fight fraud very, very effectively across domains, I think that is also the future.

I'm taking a big bet on that because I feel that we are experiencing it every day. Right? Right from your delivery frauds to your WhatsApp frauds to your SMS, the fraud is all pervasive. And the more that AI agents come into play, this is only going to get worse, actually.

So, I think in that sense, our bet on the future is to see if we can be the efficient machine that actually fights fraud for telco and for adjacencies and for, I would say, even financial sector in future. So, that is where our biggest bet is, actually. So it's more, I would say, a domain that we have picked in a place that we have, I would say, cut our teeth and for last 30 years, we have cut our teeth on fraud.

And this sector, we understand this domain. We understand, we know how to fight fraud, and that would horizontally scale into sectors where we need to take it. So, that's how we are taking a bet instead of trying to figure out what product I should build for a legal sector. I would rather take what I know and see how I can horizontally scale it into other things. So, that's pretty much the kind of approach that we are taking right now. So that was your question.

Okay. I think I probably answered that.

Ajay Doshi

Effect of changes in US law.

Nisha Dutt

US laws, actually, honestly, it hasn't directly affected us too much because most of our -- my bill team is actually sitting in Bangalore next to us. So, we haven't had major challenges. We have had some

hiccups in the sense that sometimes when we have to deploy resources on-site, we have had some visa challenges and all that, but nothing insurmountable right now. I'm not seeing any direct impact to our business, honestly, from that perspective, at least.

Ajay Doshi

It's okay. Thank you very much, madam. But just keep a small note in your notebook regarding this diversification in power transmission and distribution losses.

Nisha Dutt

Sure. Okay. Point taken. Thank you, Ajay. Thank you.

Ajay Doshi

Thank you, ma'am. Thank you.

Moderator

Thank you. The next question comes from Jitendra Bhutoria, an individual investor. Please go ahead.

Jitendra Bhutoria

Good morning.

Nisha Dutt

Good morning. Please go ahead, Jitendra. We can't hear you. Moderator, are you able to hear Jitendra?

Jitendra Bhutoria

Can you hear me? Yeah. Can you hear me?

Nisha Dutt

Yeah. Now, we can hear you. Yes.

Jitendra Bhutoria

Yeah. Sorry. My first question is regarding Sectrio. We had two contracts. One was already closed. The other was on the brink of closure. Now, what is the status on that? And, what is the amount recoverable so far the second contract is concerned? The first one you said, we had taken a write-off, and, still you are trying to recover that money. But what about the second one? What is the amount recoverable?

Nisha Dutt

Actually, we have no recovery. So, when I said two contracts to be closed, it didn't mean that we have money to be recovered from there. We have only in one contract, which we have taken a provision

for. You are aware of that in Q4. The other one was we were only trying to wind down our services there. We have no recovery to make from there, actually.

The money has come. Everything is cleaned there. We are just trying to wind down our services so that we can exit the contract in a more elegant way. That was the only closure that we were looking for. There was no recovery process there.

Jitendra Bhutoria

What is the timeline you expect to close this, the second one?

Nisha Dutt

It's like I said, it's almost done dotting the I's, crossing the T's. We are hoping to wind it out this quarter.

Jitendra Bhutoria

This quarter only. Okay. And the second thing is, you were talking about, we had invested in this Middle-East subsidiary recently. So, what do you think, this could spell out in numbers, so far the next two quarter number? When do you think that it will be at good revenues by this quarter?

Sumit Kumar

So, Middle-East subsidiary as we explained last time as well, it is more about supporting that entity for their working capital need. And all our contracting structure is the subsidiaries typically sign up contracts with the end-customer. And the revenue then flows down based on the global transparency norms around on this. Okay? So this entity, since it has a bit of a network issue, so that's what we supported to capitalize that entity.

The businesses broadly remain same. This money which we have spent, it is within the group because it is more about the recapitalization and supporting that entity is viable enough to take the subsequent contract. That's what we did it. As Nisha was explaining earlier also, we do have revenue challenges and growth, but our order books now look pretty strong. So, hopefully, we will turn, and Middle-East market for us is a key market. So, any growth in that market will basically go through this entity while we capitalize.

Jitendra Bhutoria

One more question. I remember in one of the con calls, it was told that receivable was stuck because of foreign exchange in some geography like Burma, maybe some other geography. What is the status on that, and what are the amounts that were to be recoverable receivable?

Sumit Kumar

So, that issue is now sorted because, typically, there are certain regions where we work where the money or dollars are not there in that country. For whatever reason, it would be a country-specific issues or it's like a geopolitical issue. So, it's like a business as usual. Maybe that particular quarter which we reported, that has issue. Now, everything is clean, and we don't find -- there are few delays in the collection happening, but that we closely monitor. But currently, we don't have any kind of that issue.

Nisha Dutt

Yeah. We don't have any contracts right now that are stuck.

Jitendra Bhutoria

So that is all sorted out. That means whatever was stuck maybe long back recovered.

Nisha Dutt

It sorted out and also Jitendra, we also proactively don't go into countries where we feel that currency is going to be a challenge. So, there are also places where we have walked away because we felt that we really cannot recover our money from here. So in those places, we have also walked away from. So, we are taking that call because there is no point in doing work and not being able to recover your money later.

Jitendra Bhutoria

Correct. One more thing. We have a goodwill of about INR 196 crore on the balance sheet.

Moderator

Sorry to interrupt sir, Mr. Jitendra, can you join back the queue?

Jitendra Bhutoria

Yes, I will. I will. Okay.

Nisha Dutt

Thank you.

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 Ajay Desai from Subex. Please go ahead.

Ajay Desai

Yeah. Good afternoon, Nisha.

Nisha Dutt

Hi, Ajay.

Ajay Desai

Hi. I actually missed the opening statement which you gave. So, just I am trying to get an understanding about the status of the board appointment for the vacant seats.

Nisha Dutt

So, I said in the opening, Ajay, that before the Q3 call, we should have board reconstituted. The point I was making was that I have received a lot of questions offline as well from the shareholders saying that why haven't you appointed the Board yet? So, my point was that let's not do it in a hurry. It doesn't make sense for filling the seat just for the sake of it. We have a direction that we have received from shareholders in the sense of I understand what you're looking for in the Board, and we'll make sure that, we find the right fit of people for that.

So, it might take us some time, but I'm still hoping to fill all the positions before the next board meeting.

Ajay Desai

Sure. So, we would love to have people coming from technocrat background with a renowned face in the industry, basically.

Nisha Dutt

Sure.

Ajay Desai

Okay. Thanks. Yeah.

Nisha Dutt

Thank you.

Moderator

Thank you. The next question comes from Patrick Mathias, an individual investor. Please go ahead.

Patrick Mathias

Yeah. We already mentioned that we have 150-customer reach, global reach, and I've been seeing this statement for quite some time. In reality, how many customers are we practically engaging with? And which customers currently are active customers?

Nisha Dutt

So, when we say 150 customers, it would be that number. The way we calculate that number is that do they have an install base? Are they working with one or more of our products? And do we have an AMC coming from there? And do we have an active billing going on with those customers?

In terms of engagement, to answer your question, typically, with all our, I would say the important and top customers, we have a process where we do a quarterly review. We call it a QBR process. We quarterly actually get on a call with them, the services team. We'll get on a call with them and give them updates about what's new in our products and also hear any feedback. So, we do have an engagement mechanism which happens in different ways.

Patrick Mathias

I would like more specific answers in terms of how many customers are we practically engaged?

Nisha Dutt

When you say engaged, do you mean that how many customers are in business today?

Patrick Mathias

I have been in sales for 30 years in global MNC. So, please give some direct answers.

Nisha Dutt

No. I'm asking you, are you asking that how many people are paying us today? Is that your question?

Patrick Mathias

No. I'm asking how many customers does your sales team actively engage with? We can simply define that they have met the customer. They are talking to the customer. There are active deals being spoken about.

That's where the funnel will come from. The 150 number makes no sense if there is no sales team engaged with the customer. There is always a long tail of number of customers and there is a set of active customers. Being in sales, I've always known that it's 80:20 rule where 20 customers always are the top customers that have business potential. The balance is just a list.

Nisha Dutt

Which is correct. I mean, your understanding is absolutely bang on. So, we do have sales team that engage with customers on a periodic basis. You're also right about the 80:20.

Hello? Are you able to hear us?

Patrick Mathias

Yeah. Yeah, ma'am. Yes.

Nisha Dutt

Okay. So, what happens is that the customer engagement happens in two levels, right, for us? One is sales and other is services because our services is also actively engaged with customers. So, wherever there are opportunities, let's say, of PRs and all that, our services is actually handling it. Where there is an opportunity of a fresh sale or a product upgrade and all that, that's where our sales guys handle it.

But in terms of pipeline build, just so you get a sense of our engagement with customers, typically, sales guys have a target of building a 4x or 5x pipeline. So, let's say that if I want them to do INR 10 million in a year, I'm just giving you example, then a sales guy would have to build a pipeline of INR 40 million to INR 50 million for me. And that would mean that that's the quantum of engagement

everyone would have because they need to bring that pipeline given our conversion rates and all that. Right?

So, we always have an active pipeline discussion. We have pipeline building. So, obviously, some are more active conversations which are near-term conversions. And then there are conversations that you are baking in parallel to convert in future quarters. If you were to ask me, I cannot put a number to it right now, but I can definitely tell you that our pipeline tracking is at four to five times of the order intake that we are looking to do in a particular year.

Patrick Mathias

So third question, going back to the question that I think my issue is named, we are interested upon sharing of certain more details. We are not asking for names of customers which can have competitive issues. What people are asking for is the size of the pipeline that you have. What is the funnel you are working on? When we are saying that we will reach INR 100 crores, targeting at maybe 20% growth over last year, we should have a pipeline. Okay?

As investors, I personally have invested in this company for over 12 years. I am where I am, where I was 12 years ago. So when we ask, we would want to know whether in terms of growth, is there an order pipeline? Is there a funnel, 1:5 or whatever is the conversion ratio in place progressing because that is a real matrix which will give us some real answers? Otherwise, we have been attending conference calls. We have been looking at fancy presentations for years on end now.

Nisha Dutt

Right. So, see, in terms of funnel, we are typically targeting in a for instance, in this year, we are targeting a funnel of INR 180 million to INR 200 million, if that answers your question. So, typically, that's the range in which we want our funnel built. In terms of what I think see, again, we are building a funnel to that quantum. How much of that percentage we will convert, actually, when will it come for conversion?

These are things that we are closely monitoring. But beyond that, I think, or at least our view was that what is more material to you as shareholders and what you can actually reliably act upon is when I do a deal disclosure to you. Right? That's the deal that's in my bag.

I know that there is going to certain revenue that will come against that deal. Correct? So, I would think that that gives you a much better clarity in what to expect in coming quarters when we announce deal wins. My funnel, I can tell you, it's INR 180 million to INR 200 million but does that give you any better clarity in terms of how my revenues are built up? If it does, then I'm happy to tell you that number. But we weren't really sure how it helps. So, that's the point of view.

Patrick Mathias

So, given whatever is our experience in Subex, thing is we have always had lot of surprise. So, one of the metrics is that if we are targeting some amount of revenue, there has to be a funnel that backs it up. Now whether the conversion ratio is 1:5, 1:10, 1:20 can vary. But the least -- bare minimum, least common denominator is there is an active funnel in place. That's how it helps.

Nisha Dutt

Absolutely. I mean, I agree with you. 100% agree with you. And when we do our AOPs as well, we typically when we do our budgeting exercise, whatever revenue target we end up taking with the Board is obviously backed by the pipeline and the funnels that we have. Right?

We wouldn't want to take a target that we cannot actually deliver to later. Of course, as the year unfolds, we see a lot of hits and misses, and that's how the year unfolds. Sometimes the timing of deals get flipped away. So, like it happened to us last year. So, those are things that we control to the extent we can, but I kind of -- I can assure you that anytime we take any target, it's backed by a funnel. It's backed by a pipeline. I mean, we otherwise, I don't know we'll be working in vacuum otherwise.

So, that's always there. There is a diligence. There is a process behind it. In fact, I can tell you that every two weeks, we actually meet just for funnel discussion. There is a big funnel call that happens. It's called a pipeline discussion that we do with our sales guy on a consistent biweekly, we do it. So, there is a cadence around it. It starts very closely. A lot of our revenues and everything depends on it. So, quite aware, but if it helps you, then it's around 180 to 200 is what we are tracking. Right?

Patrick Mathias

Sure. Thanks. It does help because in the past, we have been mid from a year. That is the reason that that trust issue comes from.

Nisha Dutt

Again, I can only speak for since I have been here, I feel that I've been my approach has been quite direct. At least I've been candid with all of you. I can only say that. The intention is not to tell you one thing and do something else. That's why I've been very candid generally in my conversation. So, what I can share, the idea is never to mislead or mislead.

Patrick Mathias

Yeah. Okay. Thanks a lot.

Nisha Dutt

Thank you.

Moderator

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

Sanjyot Khare

So, I have a follow-up. So, in one of the question, Nisha, you mentioned that, it's good that we have one good order, like, about \$12 million or \$15 million, which is around INR 120 crores. Are we seeing that any of these new orders, are we gonna realize any revenue from Q3 onwards or revenue will be starting only from the next financial year for these orders?

Sumit Kumar

So, typically, this order, which is when we reported, it is a large order, ranges from four years to five years. And in that, there are certain renewals orders. So, basically, like, our annuity wise is strong. We keep winning that. So that renewal orders, there will be some revenue, but you will not get the revenue growth per se. It is more about the maintaining the revenue. So, that is one piece.

And then if there's implementation related orders out there, we'll start translating some portion of the revenue in this year. And, then, obviously, once it's complete, then the other piece of subscriptions and other comes. So, obviously, there will be some percentage will get converted this year around on this. Yeah.

Sanjyot Khare

Thank you for that.

Nisha Dutt

Yeah. Even you will see some percentage of, like, 20%, 30% gets converted in the year, and then rest of it gets spilled over to next year. This is how we like I was saying, we are in a business of backlog. So, what it means is that in the beginning of the year, I know where 80% of the revenues will come from. We have quite a bit of certainty. We enter the year with that, and then the fight is for the rest 20% and all that.

So, that's typically how it works. Our business is like that.

Sanjyot Khare

Sure. I was hoping that, like, because of yeah, at least 20% kind can be realized in this financial year, maybe 80% later. So that's a good thing. And the thing about, I think your Subex customer event is coming up next week, probably.

Nisha Dutt

That's right.

Sanjyot Khare

And I hope you get a good response, many customers are joining for that. So like that, even one of the call you mentioned that you, Subex, is planning to host the meetings with analyst and institutional investors. So, are you planning to do that also in this quarter, next quarter, or as things are getting better now?

Nisha Dutt

That's the plan. We will come up with our engagement plan because as you must have noticed earlier in the call that we do have investor relation agency now on board with us. So, we are carving out a plan with them on how we go to market, how we engage with investors. So, there is a plan that we are putting together. But as a first step, we definitely wanted to see if we can do an outreach to our current shareholders at least and meet them since I think we have generally not met in person at all.

So, this is also your opportunity to come and see your own company. So, that's the first step for us, and we are going to come up with a roadshow plan subsequently.

Sanjyot Khare

Yeah. Sure. That's gonna be really nice. I mean, it should be happening after a long time.

Nisha Dutt

Yeah.

Sanjyot Khare

I have it. I mean, again, you're answering to one of the questions that whether Subex is fine to diversify into any other domains and I completely understand. I mean, you have a technology to go into the market and have sales team and all these things to drive.

Moderator

I'm sorry to interrupt, sir. Your voice is not clear.

Nisha Dutt

Yeah. Your voice is not clear. It's cutting off. I'm unable to understand.

Sanjyot Khare

Can you hear me?

Nisha Dutt

Yes.

Sanjyot Khare

Can you hear me?

Nisha Dutt

Yes.

Sanjyot Khare

Yeah. Sorry for that. Now I was just saying, I'm just repeating that one of the question about whether Subex is going to diversify into any other domains. And completely understand it's a huge cost involved into, taking products into the newer markets for the company. So, the company already having a product and technology. So, is company thinking to license the product or technology to current partners who are already in those different domains?

For example, Tech Mahindra probably is a partner into telecom, but they also have a domain whether it's banking, insurance, retail, and they can take the product to that, whether licensing or the technology to different companies. What are you thinking about that?

Nisha Dutt

Actually, honestly, we do work with Tech Ms and other partners, SIs as well. Are we actively thinking of licensing? We haven't really had those conversations, to be honest, because the way our products are built, it can be horizontally scaled, but that's not without actually production, I would say, development effort.

So today, it's very designed for a certain kind of customer. So, if I want to take the same product and take it to entirely new domain, it would require a lot of development effort at our end. It's not something that I can license out, and they would be able to just do a lift. So, our product is not designed like that, actually, so currently.

Sanjyot Khare

Okay. Got it. Thank you for that. All the best.

Nisha Dutt

Thank you.

Moderator

Thank you. I request the participants to restrict with one question for now.

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

Abhishek Kale

Hey. Am I audible?

Nisha Dutt

Yes, you are.

Abhishek Kale

Hi, Nisha. Follow-up. We have a large amount of cash sitting on our books. I am not sure if there are any regulatory hurdles which prevent us from doing a buyback or paying out dividends. So, can you or Sumit, anybody explain more about that?

Sumit Kumar

So basically, yes, there's a regulatory hurdle because the company retained earnings is still negative. So, there's a buyback provision is there whereby it has to be funded out of the retained earnings. So unfortunately, we are not there. We are a negative trajectory. And with this year, it's piling it up. So hopefully, in a couple of years, we'll recover and back to the profitability trajectory. So, that is actually a regulatory issue.

Coming back to the funds in the balance sheet right now, currently, we are doing more about the treasury call and do the idle money investment on the respective scripts around on that. But having said that, now and I'll leave Nisha to add on, basically, whole idea is to get the profitability back, which we have done now. So, this money will work on reinvesting into the businesses, which will give us the next level of growth.

Abhishek Kale

Okay. Thank you.

Nisha Dutt

Thank you.

Moderator

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

Mahesh Kumar

Yeah. Nisha, you mentioned that in Investor Day, you are going to make presentation on the product roadmap. Is this correct?

Nisha Dutt

That's correct.

Mahesh Kumar

So, what is the investment required for all these different product developments is first question. Second question, how much revenue each product is going to generate? Are you going to share this information in the Investor Day?

Nisha Dutt

I haven't actually designed it yet, but to the extent, it's appropriate to share, we will share. I mean, currently, all the products are self-funded.

Mahesh Kumar

So, why I am asking this question because we should not go into the same track like IoT and IT centre.

Nisha Dutt

Oh, yeah. Absolutely. No. Absolutely. These products are getting built on our own. So for instance, I already have a revenue assurance product. So, the roadmap for revenue assurance might -- we'll present that to tell you how we are planning to build that product out further and what kind of industries it will help us unlock. So, what additional time I can unlock, for instance. That I can give, I'll be happy to share that with every product roadmap, what additional time taken.

Mahesh Kumar

Why I am asking this question because any new product development, generally, people do the analysis of cost benefit analysis. If I invest INR 1 crore in this product development, what is the factor I will get the return on that? If such analysis is being done because we should not enter into area where we will burn the cash again and again and clean the balance sheet.

Nisha Dutt

No. Absolutely right. Actually, one of the first decisions when we said that we have to exit some of the businesses, maybe you recollect, Mahesh, that I had mentioned that we always do our IRR calculation. Right? And that IRR calculation was not adding up for me on the businesses that we ended up exiting because that wasn't adding up.

So, I am very conscious of this, and we always do our IRR calculation before we will invest any money because you're absolutely right. We cannot be in this cycle where we invest in products and then they don't yield us any benefit. So, that discipline we have, 100%.

Mahesh Kumar

Whatever new products you are contemplating or envisaging, is there any feedback from the customer? Are they really needing such thing in future?

Nisha Dutt

We don't build in isolation at all, actually. So, typically, what we do is we call it building with the customer. We'll take a multi-customer. We'll POC, build with them. We'll take feedback and sort of build further. So, it's very iterative process because I completely believe that we don't know everything, and we are not going to build it and hope that they come sometime.

So, that's definitely not what we do. Even in the UC that we have coming up next week, right, the user conference, we are going to do a voice of customer. So, there is a process. We call it voice of customer where we collect data from customers on a periodic basis on usability of our product, what features they would like to see, what else are we missing. So, this is a standardized, I would say, a very rigorous process that we do, and we'll be repeating this in our UC.

Actually, we have a session around POC where we'll go and collect information. So, definitely agree with you. We don't build and just hope that somebody will come by it. I mean, that's not how we are going to build at all.

Mahesh Kumar

No. Because we should not repeat the mistakes of past.

Nisha Dutt

Absolutely. We should make new mistakes.

Mahesh Kumar

No. See, small company cannot afford to make mistakes.

Nisha Dutt

I am joking. Hey. Relax. I'm joking.

Mahesh Kumar

Because, obviously, we have invested in the company for last 17 years and return is zero.

Nisha Dutt

Please rest assured. We have a very strong fiscal discipline, and I can tell you that this bottom line has not come by itself. Right?

Mahesh Kumar

That I'm seeing that. That's why I'm not asking question on those areas in this conference.

Nisha Dutt

No, that's what I'm saying. So, there is a structured process that we have been following. Every business must meet internal metric for us. It's a no-go gate for us. I am happy to kill a product that's very advanced also if it does not meet my gate. So, we are very rigorous about that, actually. I don't think that you need to be worried about that aspect, I can assure you, that we will not do that again.

Mahesh Kumar

And on the Investor Day, if it is possible, try to schedule it on weekend.

Nisha Dutt

Okay. Let's see what we can do. Because I have to take multiple parties and I have to take many people along here.

Mahesh Kumar

Yeah. Because what happens then it becomes easy to attend. Otherwise, we have to leave our job and come for one day there.

Nisha Dutt

But, Mahesh, this is your own company. So, you must come.

Mahesh Kumar

No. I am also responsible in my company also.

Nisha Dutt

I am sure one day in a year, you can spare for us. But, no, I take your point. We'll kind of do some conversations with some more shareholders and see what works best.

Mahesh Kumar

Okay. Thank you.

Nisha Dutt

All right. Thank you.

Moderator

Thank you. The last question comes from Jitendra Bhutoria, an individual investor. Please go ahead.

Jitendra Bhutoria

Thank you for the opportunity. I was just hearing this call, and maybe you had mentioned some legacy issues. Can you spell out the legacy issues which you feel could come out maybe? Secondly, there's a goodwill of INR 196 crore on the balance sheet. Can we have a split of which businesses this stipulates?

Nisha Dutt

Sorry.

Sumit Kumar

So, INR 196 crore, which you're talking about, it's a goodwill. Correct? Because we barely hear you correctly. Yes. So, the goodwill, that it's coming out from our main IP, which is the RAFM IP. So, that is there in the balance sheet. And as a yearly, we do impairment exercise around on that and see whether the carrying value is sufficient enough based on the future updates and the business around on that. So as a process is, again, you will appreciate it's a yearly process. It's typically audit process.

And it goes as a mandatory impairment testing. If any impairment comes, we take a hit. If it's not, then obviously, it's continuous as that. And this quarter also, we did report the balance sheet and this carrying value seems to be sufficient enough and that's how we did it.

Jitendra Bhutoria

Yes, of course, we are reporting the balance sheet. But the point is when you talk about legacy issues and you had spoken about noncash-related one-time could be possible. So, it has to be out of that goodwill only then. So, that is the reason I'm asking you what are the legacy issues which you can spell it out?

Nisha Dutt

Legacy issues are some of these things that we continue to carry on the balance sheet and all that. So, there are some structural issues. Again, these are things that happen on an annual basis. Like, was

saying, annual, we'll do the impairment exercise, and we will take a call at that point of time. So I just -- I feel that all the current ongoing businesses and cleanup that had to be done I actually think that it's behind us.

But there are some legacy issues which continue with to kind of be with us, and we'll continue to take it as it comes. I mean, this is not something that they can actively work upon. There's nothing that I can actively do about it right now. Wherever we could actively do what needed, it has happened.

Jitendra Bhutoria

So, but again, if you become as a surprise?

Nisha Dutt

I can't hear you very clearly, Jitendra.

Jitendra Bhutoria

What I'm trying to say is, again it might come as a surprise in one of the quarters.

Nisha Dutt

I would say that I mean all the investors have been looking at our P&L and balance sheet pretty closely. So, I think there should be no surprises anymore in the sense that you are aware of the legacy issues that we carry. And we will do the impairment exercise. And if it has to be done, then we will take it. I mean, it's more procedural for me at this point of time.

It's not a part that I can control, as you can appreciate. This is a legacy. This is not something that I'm actively working on that I can somehow control. So, it's a noncash item also, so it has to be dealt with in an appropriate manner. So, will it happen in the upcoming quarters? That's why I said that if it is legacy and if there is some structural thing that has to be done, we'll take care of it. But you are aware that it is there. That matter remains on the balance sheet.

Jitendra Bhutoria

No. That's I appreciate. Thank you.

Nisha Dutt

Thank you.

Sumit Kumar

Thank you.

Moderator

Thank you. Now, I hand over the floor to management for closing comments.

Nisha Dutt

Thank you all for, again, joining us. I think overall, the guidance that I can give is that I think H1 has been fairly good. I think we ended Q2 on a good note in terms of order book and the profitability. We are looking to continue the momentum in H2. Typically, H2 ends up being a little -- if you have been with us, you will know that H2 ends up being slightly better than H1.

So, we are hoping that we continue the momentum. Again, as in when we announce the Investor Day, I look forward to seeing most of you here. Please do come. We will share the information on the products, on adjacencies, on new areas, on the TAM, everything that you have been asking for, for a while.

So, we'll share as much as we can. But in the meantime, if you have any questions that we haven't been able to answer today, please write to us. You know how to reach us. Write to us, and we'll promptly get back to you. But thank you for your continued support and faith in the company.

So, again look forward to speaking to you next quarter. Thank you.

Moderator

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

Note:

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