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November 15, 2023

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Dear Sir/Madam,

**Sub: Transcript of Earnings Call held on November 9, 2023, for the quarter / half-year ended September 30, 2023**

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 / half-year ended September 30, 2023, held on November 9, 2023.

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

Kindly take the same on record.

Thanking you

**Yours truly,  
For Subex Limited**

**G V Krishnakanth  
Company Secretary & Compliance Officer**

**Encl.: As above**

**Subex Limited**

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**Subex Limited**  
**Q2 FY24 Earnings Conference Call**

Event Date / Time : 9/11/2023, 10:30 Hrs.  
Event Duration : 43 mins 21 secs

**CORPORATE PARTICIPANTS:**

**Ms. Nisha Dutt**  
Chief Executive Officer

**Mr. Sumit Kumar**  
Chief Financial Officer

**Mr. G.V. Krishnakanth**  
Company Secretary and Compliance Officer

**Q&A PARTICIPANTS:**

1. **Mahesh Kumar** : Individual Investor
2. **Abhishek Kale** : Individual Investor
3. **Sanjay K** : Individual Investor
4. **Rajesh** : Individual Investor
5. **Samir Mansuri** : Individual Investor
6. **Raj Kumar Ojha** : Individual Investor

## **Moderator**

Ladies and gentlemen, good day and welcome to Q2 FY 2024 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 now hand the conference over to Mr. G.V. Krishnakanth. Thank you, and over to you, sir.

## **G.V. Krishnakanth**

Thank you very much. Good morning to everyone who have joined the earnings call for the quarter and half year ended September 30th, 2023. Now, I'd like to introduce the members of the management who are present for this call. Along with me, I have Ms. Nisha Dutt, CEO, and Mr. Sumit Kumar, Chief Financial Officer of the Company.

I'd like to start the conference call by going through the Safe Harbor clause. Certain statements in this call concerning our future growth prospects are forward-looking statements, which involve a number of 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, including, but not limited to, fluctuations in earnings, our ability to successfully integrate acquisition, competition in our area of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and generic economic conditions affecting our country. With this, now I hand over this call to Ms. Nisha Dutt, to take it forward.

## **Nisha Dutt**

Thank you, GVK. Good morning, ladies and gentlemen, and a warm welcome to Subex's investor call. We are delighted to have you with us today as we share important updates. So firstly, let's kick off by honing in on our strategic focus. I'm happy to share that, I've been focused on engaging with our customers. That's kind of been my number one priority. And they have shown significant enthusiasm for the concepts that we have been talking about now, which are connected experiences, artificial intelligence and leveraging 5G for enhancing their product offerings.

So, our strategy involves collaborating with our customers to realize this vision. So, what we are doing is, we are co-creating products and solutions with them, to ensure that our use cases are immediately applicable to their context. So, this approach not only strengthens our relationship with our clients, but also initiates entirely new discussions that we have not previously explored at Subex. So, this has been very exciting for me.

As I mentioned earlier, one of my large commitments is also to enhance our product range and offerings that we provide to our customer base. This will, like I said in the last time, it will also help us reach a larger market. So, we are progressing with several partnerships that will propel us forward in this direction. Turning to the business updates, I mentioned in the last call that we would do it against three dimensions of Growth, Efficiency and Talent. So, coming to the first one, regarding our growth, I'm happy to announce that we have sustained QoQ progression, as is evident by the results. Furthermore, I think in this quarter we have successfully onboarded three new clients across our product spectrum. So, this signifies that there are opportunities for us just beyond RAFM portfolio.

Our commitment to investing in our AI portfolio really remains strong. We are particularly excited about using GenAI use cases tailored for telcos. A recent milestone includes the launch of our production ready GenAI solution in collaboration with Google which was unveiled at DTW, Copenhagen. So, as most of you know, this is an important conference that we attend. This served as a demonstration of how GenAI addresses our customer experience challenges, particularly in the areas of fraud management and revenue assurance. Also continuing my commitment to co-creating solutions with our customers, we recently wrapped up a user conference that we held in Malaysia called Connections.

So, this event was really well-attended by all the key clients in the region, which showcase hands-on workshops, unveiling and discovery new use cases. So, this is how we have been engaging very closely with our clients. The second aspect of the update I wanted to give was on efficiency. We are boosting our product portfolio by actively investing in partnerships. So, while we are invested in developing our own product, we are also going with a partnership model, this helps us optimize our spending and also get our products out to the market much faster. So, this is again something that we are quite focused on right now. The third aspect, of course, is talent. We are making sure that our teams get better by giving them training on the latest developments in AI and other technologies. We really care about them learning and getting better personally, that also helps us grow as a company. And we continue to double down on diversity and inclusion initiatives. That is personally quite important to me.

And we have seen very good success with our initiatives that we have launched. It's called She>Returns, which really encourages women to return to the workforce, once they leave workforce. So, we have seen really good results with that. Next, I'll cover consolidated financial results for the quarter that ended on September 30th, 2023. So, performance highlights, they are with you, but just for the sake of completion, the revenue for the period is at INR 768 million as against INR 673 million in the previous quarter. So, this is a QoQ growth of 14%. EBITDA for the period is at INR 46 million negative against the negative EBITDA of INR 147 million for the quarter that ended on June 30th. PAT for the period is negative INR 111 million as against INR 193 million.

And all-in-all, I think we have registered a better performance in this quarter compared to last quarter. And I see this as a part of, I almost think of it as we are trying to recover and turn around this. So, I see a positive momentum, and I think that we are focused on committed to delivering growth. Thank you for your constant support as always. I wish you all a very Happy Diwali. We are now open to your questions and comments.

## **Q&A**

### **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 a 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 \* and 1 on your telephone keypad. We will wait for a moment while the question queue assembles. First question comes from Mahesh Kumar, an Individual Investor. Please go ahead.

### **Mahesh Kumar**

My question is related to IoT security. What is your roadmap for IoT security? And are we going to adopt this IoT security product which we have for software defined vehicles? Because, there are multiple projects going on in Europe and US on software defined vehicles. And the software defined vehicles, electronic security is going to be an important element. That is first question. Second question is, our manpower cost and other expenses are going up every quarter. So, are you going to work on reducing the manpower costs, and also the other expenses so that profitability will go up? The IT company should have at least 25% plus EBITDA margin. So, these are the two questions.

### **Nisha Dutt**

Thank you, Mahesh, for that. So, on the IoT specifically, there are two parts. Right? I mean, just to clarify it to everyone. So, we have something in our portfolio, which is, IoT focus, which is where you would be able to do this connected car and all that. But the one that you are probably referring to - Sectrio, is actually an OT security solution, which is more industrial security. So, what they do is, they sort of secure, maybe it's an ONG pipeline, an airport. So, they do that kind of work. It's more industrial security, but that's not to say that we don't have IoT kind of solutions in our portfolio. That's something that's an active area of investigation and kind of focus for us. And when we are able to make progress on it, I'll come back to you and tell you more. But, certainly, I completely take your point.

**Mahesh Kumar**

Two-three years back in one of the multiple investor calls, Subex's management was highlighting IoT security, which they then enhanced to OT security. See, IoT security, we have a center of excellence in US, with one of the town, IoT security has been implemented.

**Nisha Dutt**

Yes. So, that's what I'm coming to. Actually, the pivot that they made, the previous management made a pivot more towards OT security. So, we have actually shifted focus. So right now, it's only industrial security that they are on.

**Mahesh Kumar**

The technology is same?

**Nisha Dutt**

Technology is not the same. Actually, the protocols are [Inaudible 00:09:42] so, IoT, more devices security.

**Mahesh Kumar**

Original product was IoT security, because we were targeting smart security, smart cities, then vehicle securities. See, one of the first announcements by the Subex was on IoT security for a vehicle manufacturer, OEM.

**Nisha Dutt**

Correct. No, that was the case, but when they kind of started, actually we did develop products on IoT. But then, they found that OT security was a much bigger opportunity actually for them. So, the focus shifted to OT. So, a lot of protocols that Sectrio is running today is actually on OT. It's not an IoT right now. The underlying tech, it is, I would say it's common, but our positioning is more towards OT right now. That's not to say that we will not go back and relook at IoT.

**Mahesh Kumar**

See, there will be millions of vehicles on the road using software defined vehicle technology.

**Nisha Dutt**

Agree.

**Mahesh Kumar**

And they will need all these securities. If we are not targeting that market, then what we are targeting?

**Nisha Dutt**

So currently, the target is doing the hard assets, but I'll take your point onboard because this is also an area of investigation for us. And hopefully, I'll be able to come back and answer this question better. But if this is something that's been an area of investigation, but currently our focus is certainly on the OT securities side.

**Mahesh Kumar**

No, but for growth we need this segment.

**Nisha Dutt**

Okay. I hear you. I hear you and definitely we will circle back with you on this. Sumit, do you want to cover the manpower cost?

**Sumit Agarwal**

So, the manpower cost, if you see QoQ the manpower costs remain same, we are able to hold the cost on the manpower. Apart from that, we are also optimizing the manpower cost.

**Mahesh Kumar**

See, what is happening, our manpower cost is 80% of our sales.

**Sumit Agarwal**

That is true, yes.

**Mahesh Kumar**

Which is very high.

**Sumit Agarwal**

So, our manpower cost is including our, one is the R&D front or the product line and another is the delivery line to that, okay, once we sold the market. So, if you ask me, we are able to improve our gross margin in the sense if I go with the delivery cost, direct one-to-one correlation. But having said that, the whole issue, which happened and which we are in the processes we have, our top line has actually reduced it for multiple reasons. And now we are closely monitoring our manpower costs. If you see QoQ, it is actually controlled as a cost. And further, there's a cost optimization exercise that has been company keep on doing this exercise to ensure the key talent has been retained.

So, we are working on our high-level productivity here. Obviously, there's a scope of improvement, but having said that, the overall cost we are kind of tightening it very hard. On the other cost, again, it is QoQ. It is controlled. This quarter we have an exchange FX loss has come up close to INR 1.8 crores, due to the currency weakening on the GBP-INR and also the Euro, AED side. So, there is a bit of a FX has come in. That has gone into the other cost line as FX loss. If I just negate that impact, then actually it's reduced as other costs. So, QoQ, I can just comment on that, saying that we are controlling the costs on that. And obviously, the focus is towards to come to the positive EBITDA side.

**Mahesh Kumar**

See, my one point is manpower cost, if our sales growth is not more than 30% plus or 25% plus, and we are retaining the same manpower cost, which is 80% of the sale. That means there is complacency in cost control. It has to come down drastically. Your sales is not growing. The sales should grow.

**Sumit Agarwal**

So, our cost is not like a 100% variable or fungible. So, it's like, there is a fixed cost of a manpower which you need to maintain and that is a variable component of that. So, as Nisha has just mentioned, the idea is to bring the top line back and we are just focusing towards that. So, whatever the lost ground, which we did it, we are just recovering it back. And we'll be maintaining very lean cost management here.

**Mahesh Kumar**

But see, if we are not using AI internally to reduce the cost, then cost is not going to come down, most of the testing can be done by AI. Manpower can be reduced from that front.



**Nisha Dutt**

We are taking optimization measures, Mahesh, but as focus goals, right? I mean, cost is definitely bringing efficiencies is one aspect, but my focus is on to see if we can grow the top line, because I think, you can do whatever you want on the cost aspect, but unless we are very laser focused on top line, overall the company will not grow.

**Mahesh Kumar**

See, topline is not going for last 10 years. That will give you some serious problems.

**Nisha Dutt**

But that's not exactly what the journey is about, right? We are trying to kind of transform that. We are on that recovery [**Inaudible 00:15:04**] and I really want to see if we can make a dent there really. Because at the end of the day, like Sumit said, right? There is a certain amount of cost that we will have to carry. That will cap out. And so topline has to be our focus currently.

**Mahesh Kumar**

Just a final point, to Nisha. Next quarter meeting, after results, can you tell whether we targeting SDB security or not?

**Nisha Dutt**

Definitely, I'll circle back with you, Mahesh.

**Mahesh Kumar**

Ok, 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. Next question comes from Abhishek Kale an Individual Investor. Please go ahead.

**Abhishek Kale**

Hi, Nisha, one question. You said that we have added two new logos in this quarter. Is it possible for you to share the details? And, like, the contract file, if you can share the names of which three new companies we have? And how are they contributing to our monthly MRR?

**Nisha Dutt**

So, I'm not sure. G.V.K, do you?

**G.V. Krishnakanth**

Yes. Hi, Abhishek. So, definitely, so once we see that there are rules against this disclosure. So, currently we can do a broad information. We can disclose broad information, so that's what we have did in this call. So definitely, when there's more specifics to it, we will do a disclosure around it.

**Nisha Dutt**

But I think one thing, what is positive about the reason I even mentioned this. The positive thing is that these are in the portfolios that we have been trying to grow. So, all the wins have come from portfolio areas, which are sort of not the ones that give us the bulk of our revenue. So, we are seeing new green shoots, right? So, I think that's the more exciting part for us, actually. And that's why I wanted to kind of report that.

**Abhishek Kale**

Absolutely. Wonderful. Nisha, sorry to interrupt. But if you could spell at least the details on which areas? Because I am just trying to understand if there are green shoots in which area. So, if possible, please.

**Nisha Dutt**

Sure. So, green shoots are in the areas of network asset management. So, network asset management is something that we have had in our portfolio. I will not say that we haven't had it before, but we are seeing a lot more sort of, we are starting to see momentum. So, it's in network asset management and security. So, we are seeing momentum in both areas.

**Abhishek Kale**

Okay. And, Nisha, so, if I may ask, what are the kind of margins in these two areas that we typically see, as a company?

**Nisha Dutt**

So, basically at the company level, before we take on any project, there is a minimum margin requirement, actually which we have, without which projects cannot be approved or we don't go forward. And that was consistent across portfolio. So, we don't do it by product. So, it's not that SMI have a certain margin requirement or add-on. So, that's just to tell you that while we want to do some land grab opportunities, that does not mean that we will compromise on margins. So, margin requirement stays quite stringent. We are quite stringent about that actually. And we make case-to-case calls, if you feel that there is a necessity to sort of make special calls. But again, I would say, broadly, there is stringent margin requirement, and we stick to that actually, regardless of what area it is.

**Abhishek Kale**

Perfect, If I may ask one more question?

**Nisha Dutt**

Sure, please go ahead.

**Abhishek Kale**

It's regarding the HyperSense integration in the past quarters, I'm talking about Q3 FY 2022-23 and Q4. And in the first quarter, I don't think we have any issues with HyperSense integration. So, the challenges that we had, I mean, while we rolled out HyperSense. It was like a downloaded product that we were, everything is sorted out, but then we had implementation challenges. So now, are those challenges resolved as we onboard more customers on HyperSense?

**Nisha Dutt**

Obviously, I mean, every product has a roadmap, right? When you introduce products, the development never ends on a product. It means that new and newer features come as and when client requirements grow. So, there is a constant roadmap that we are driving towards on HyperSense, and I would say that we have been doing well actually. We have that installed base is also growing for us.

**Abhishek Kale**

So, thanks for the update. And one request, if I may. The presentation or the board meeting outcome slides, which were uploaded on exchange. I mean, it's hard to read. It's hard to read. If you guys can upload a better copy, that would be much appreciated.

**Nisha Dutt**

Okay. No, thank you for that feedback. We didn't know that. We'll get that fixed, Abhishek.

**Moderator**

Thank you. Next question comes from Sanjay, an Individual Investor. Please go ahead.

**Sanjay K**

So, congratulations, Nisha and team. I think we have seen a good turnaround, I mean, last two quarters, the things are getting better. Revenue is going up and margins have improved. I mean, the loss has come down. So, this is a really good sign and hoping for really better things going forward. My question is about the Subex's business. Is it like a seasonal business in the sense, the Q3 and Q4, like at the end of the year, the things picks up more or it impacts in Q3 and Q4? Is it because of the licenses of something? The question is about Q3 and Q4, are those going to be better than Q2? If the increment will be happening on the revenue and margins?

**Nisha Dutt**

Thank you, first of all, Sanjay. It's always good to hear some good feedback. But, as you know, Q3, Q4 for me to make any comment would be a forward-looking statement. But I can tell you that our commitment or at least our best efforts are always to see how we can do best by our shareholders. You have been with us, and we really appreciate actually all the support. But specifically, on Q3, Q4, I wouldn't be able to make a direct statement.

**Sanjay K**

Only whether it's seasonal. I mean, because many of the IT sales companies, the Q3's least impacts, because of furloughs and other things and holidays. But the product company is probably because of licenses and things, actually Q3. So just, how's the model of your business? So, if you can just give some information.

**Nisha Dutt**

So historically, you are right. Historically, you are correct. Historically, usually, H2s are better than H1s. So historically, that would be in the pattern if you go back and look. So, we are hoping we do fit that.

**Sanjay K**

Thank you. And the second question is about the recurring revenue. We are seeing that the INR 2.3 million per month. I think the same number was there in Q1 as well. And there is no change. Is it? So, this recurring revenue is going to improve going further, or this is going to be staying like this for this financial year?

**Sumit Agarwal**

So again, I'll just clarify to the investor how our recurring revenue has been considered. It actually start once that project finish, and then the subscription starts. And our contracts are or our products are slightly a long duration implementation phase. So, that's how the QoQ improvement, because this is the 12-months MRR kind of a number, and that's what this number you will not show immediate growth. Once we start executing and finishing the projects, the MRR will trigger. And then you will see it. So, this number, which we normally report, it is based on the 12 months, how the MRR looks like.

**Sanjay K**

Ok, thank you. And the last question is about, there is no much, I mean, there is no press release or anything happening. Three logos are there. Since 14 July 2023 there is not a single press release about any new win or new things happening or new partnerships happening. So, it will be really nice from the investor community or even from your well-wishers, at least we get the idea of what is really happening. Otherwise, we just come to only quarter-to-quarter calls that some updates are there, but not really details we are getting it. So, we really appreciate really some press releases about what things are happening and now any new wins or partnerships happening, which is really great.

**Nisha Dutt**

Yes. Sure. No, I will make a note of that. We'll try and be a little bit more active on our releases, actually.

**Sanjay K**

Thank you and all the best. I will be in the queue again.

**Nisha Dutt**

Thank you so much.

**Moderator**

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

**Rajesh**

Good morning, Nisha. I will begin with the suggestion that if we can have a gap of two nights between the result announcement and the earning calls. Because we hardly get time to go through the result and sort of be prepared for questioning. This is too quick. Yes, that will help.

**Nisha Dutt**

I usually receive request to do it almost immediately. So, that's why. I mean, I have received requests both ways. It's the first time I'm hearing that you want a gap, but typically people tell me that, do it very much the next day.

**Rajesh**

Because it's a result season. We have so many results coming out, and it takes time to go through the result and then prepare questions.

**Nisha Dutt**

I can't promise, but we'll see what we can do, Rajesh?

**Rajesh**

Okay. And one question is already answered. The other is, order backlog. If you can give some details, what is the current order backlog?

**Sumit Agarwal**

So, basically like a few quarters before we stop reporting the order backlog and come with a MRR kind of a number. So, that is what it is. But just to give you a sense around, at least from 12 months or a horizon point of view, apart from MRR we have a one-time revenue of around close to \$13 million to \$14 million, that is there to execute and then the MRR meter will start. So, that is broad as a number. But, yeah, that is what we have stopped giving the order backlog because typically order backlog it's a 3-4 year ,kind of a number which just confuses the investors. So, we stopped reporting the order backlog number.

**Rajesh**

Ok, I think the numbers are encouraging and we would like to see much better results in the future. Thank you for the efforts you people are making.

**Nisha Dutt**

Thank you, Rajesh. We really appreciate it.

**Moderator**

Thank you. Next question comes from Samir Mansuri, an Individual Investor. Please go ahead.

**Samir Mansuri**

Thank you for the opportunity. Congratulations to the entire Subex team for a better result Q-on-Q. I have a few questions, and both are related to the improvement of the top line. First is, what are the top three challenges and competition that we are facing in terms of our sales, and what is our mitigation plan to tackle that? And the second question is, do we have any focused and aggressive strategy to expand beyond telecom domain, so that further our top line can improve?

**Nisha Dutt**

Thank you, Samir. So, first of all, I think in terms of challenges, I would say, they would be like any other business. I think sometimes we have headwinds on newer technology areas catching up. So, that's where I think we have been very focused on making sure that we are making a lot of investments in upgrading our technology stack. So, I think of it as a positive thing, actually. It's a challenge, but it's a very positive thing, because it pushes us actually. So, I would say that's definitely one thing. Other is, again, as sometimes the competition grows, we also some margin squeeze coming in, which is something that again, we have to kind of take into consideration and see how we can work on optimizing our cost so that our margins remain healthy. So, I would say those are the kind of challenges that we have had. But otherwise, we seem to be doing well geographically.

In terms of our strategy, I mean, if you think about the Telco revenues now, right? We do have a strategy where right now we want to double down on Telcos. We are looking at some adjacencies that's under investigation. And in due course, when we make a bet, we will definitely come back and inform you more about it. But just to tell you some broad numbers, Telco revenues today are at around INR 1.7 trillion actually. And, if you think about their spend, they spend around INR 400 billion on CapEx and OpEx, right? Growing at 1% to 3%.

So, you have quite a bit of headroom actually within Telcos. So, while we feel that industry is not spending, if you look at it in terms of quantum, there is a lot of headroom for growth, especially given our size and where we are, I think there is more and enough for us to do here. But that's not to say that we shouldn't look at adjacencies. In fact, that's something that's an active area of conversation internally for us. And we have been investigating what are the areas. We do have some work that we have done in Fintechs, this is Telco wallets and that kind of area. So, we are also investigating some adjacencies. And definitely, in due course, I'll come back and give you more information, but this is just to give you a sense of where we are.

**Moderator**

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

**Abhishek Kale**

So, question for Sumit. I think three quarters back, we had some issue with some receivables from a particular client. How are we doing in terms of recovering those dues?

**Sumit Agarwal**

So, actually it's not three quarters, maybe around four quarters, sometime like a Q1 of last year. So, we took a large write off that time more about just to control. So, this client is sitting in the Middle East region, and it is becoming slightly difficult also to collect that receivable due to the existing issues around. We are in touch with them. But to be very honest, we have not done a much progress on this. Though the client is in touch, and there is no, like, a sizeable improvement that's happened. We have even sent them the legal notices around on that. So, not much has moved on that front for that particular customer.

**Abhishek Kale**

Okay. Question for Nisha. Nisha, what has been the changes? I think you said that you were going from certain changes on the sales side, right?

**Nisha Dutt**

Yes.



## **Abhishek Kale**

Would you be able to spell out the details, if any, as to the changes that you have made or you are trying to make in order for us to increase our top line? Because, I don't really need to say that, that we need to increase our top line [Inaudible 00:32:21] said about it.

## **Nisha Dutt**

So, some of these changes are going on as we speak, Abhishek. But I think basically it is to see how we can be. I mean, the goal remains the same, right? I mean, how do we become more efficient actually as an organization, and to do a more objective assessment of where the Telco revenues are growing, where the investments are happening regionally, and hence, where do we need more feet on the ground, where do we need our frontline to be bolstered. So, those are the costs that we have been making to make sure that we bolster the areas.

And we are also doing this differentiated thing on geography because as you can imagine, right, developed countries are on a different track, in terms of where the spends are, it's more on data. And whereas developing countries are still growing their subscriber base. So, when you do your product offerings, it can be a little bit differentiated, actually. So, you don't have to take everything to everyone. So, we are actually trying to sort of differentiate at that level and see how we can kind of make it more efficient, but also, where is it that AI and 5G have a lot more thrust, where is it that we are seeing the older portfolio do better.

So, those are the assessments and changes that have been going on. So, I would say it's a work in progress, in my last 6 months that's what I've been doing, actually. Trying to get this thing set, so that we have better understanding of our geographies, customers, spend more time with them. So, that's what's been going on, really, Abhishek. I mean, I can circle back with specific details. But if you have something specific you would want to know, I would be happy to tell you.

## **Abhishek Kale**

Specifically, I mean, since I'm not privy to the challenges that you guys have at the corporate level, right? I would not be the right person to tell you anything. But, my ask is simple, have we even identified the gaps that we have on our sales side, which I think from what you are saying is, you are in process, it's a work in progress. So, at least we are on the track, and which I think it shows in the numbers as well. But we'll have to be patient, like you said, two or three quarters at least. But, the good part is, you have made progress from the last quarter to this quarter. So, I mean, rather than cribbing about what has not happened, I'd rather congratulate you guys and wish you for continuous success. Thanks a lot.

**Nisha Dutt**

Thank you so much, Abhishek. But again, my request to all the investors on the call is, please be patient, because these things do take time, right? Like I always say, this is not a small boat that you are trying to suddenly change course. This is our large ship, so it will take some time. But we are in the process, and we are at it. So, please be patient.

**Moderator**

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

**Sanjay K**

So, my question is about the headcount in the company. What is the current headcount and was there any increment in the employee count during the Q3, and are you having hiring plans for Q3 and Q4?

**Nisha Dutt**

So, our current headcount, and this may not be precise number, but definitely in the ballpark it's 920 people. This is including onshore, offshore. In terms of hiring, I mean, we do it need-basis, Sanjay, that goes on, right? As the needs of the business grow, we hire in some areas, and we prune some areas. So, I think those calls, I mean, that I would say an ongoing activity. There is no specific. I mean, obviously, as you can imagine, we are hiring more on the AI side and all that, because obviously that's a short area. So, that goes on it. I mean, it's business as usual.

**Sanjay K**

So, whether annual increments done or it will be happening in the coming quarters?

**Sumit Agarwal**

No. So, we completed in Q2, that's why there's increment cost also comes into the manpower cost, though we hold the overall employee cost. So, effectively there's a reduction in the employee cost, but it is not reflecting due to the increment cost has come. But I'm just saying from a comparison point of view, and increments are all done, the organization increments are all done. Our cycles followed is a Q2. So, July is our cycle, basically. So, all the increments taken in July at this time, yes.

**Sanjay K**

Great. I mean, that's why I was hoping that probably it must have done by this time. And the other question is about, recently I've seen, there is a BharatID app launched by Subex, it is on LinkedIn, it was posted. So, what is that app? And what's your plan for that app to, it should be a revenue generation or is it just for a user to use it, what's your plan for that?

**Nisha Dutt**

I mean, we always do everything with an eye on the revenue. So, that's the first part Sanjay. But basically, it's an app that helps you manage all your KYC in one place. It's like an app that gets unlocked just by your face, right? So, it's a QR code that you can unlock from your face. It's like a face recognition kind of thing. But more importantly, it serves as, you know, one place where you can get selected at. If you're going to a bank, right, and you need to take a loan from a bank too. I'm just putting it simply. But if they need three or four documents from you. You can actually give them.

You can consent to those four documents being shared by the bank, and you don't have to carry a briefcase anymore, with all the documents and all that with you. This actually lets you give consent and authorize documents and only the ones that you have authorized go to the bank immediately. And all this happens without violation of any privacy. So, this is where we think that technology is headed and we are personally very excited by it, because just imagine the number of financial transactions that happen which require.

And now with the regime coming to constant KYC, we believe that this should be like a really useful thing actually. So that's what we are excited about. In a nutshell, that's what the product does actually. It can also be used for, let's say, when companies' onboard employees, right? They ask for your 10th class certificates to 12th or degree certificates. So, everything that's important can be in one place, which can be unlocked, and you can provide consent. So, it's that sort of a thing.

**Sanjay K**

Yes, it's really interesting. And so, already you have a customer, or you are piloting with any customers, this app?

**Nisha Dutt**

Yes, we are actually. And we are piloting with customers to get feedback to make sure that we sort of refine. We are doing it with our existing customer base.

**Sanjay K**

Oh, that's great, that's great! And my last question is about the business side, like in the products, mostly Sectrio and IDcentral. So, the business for that also grew in last quarter? Are you seeing improvement in our business for Sectrio and IDcentral And HyperSense, all three segments?

**Nisha Dutt**

Yes. Actually, we are seeing growth. Actually, the app that I was talking about that BharatID is IDC's app actually. Sectrio has shown memory growth, and so has core business actually. So, we have grown on all three fronts, which is sought of that's what I was referring to earlier that when you see growth across portfolio and not concentrated in one area, it's a good sign for us.

**Sanjay K**

That's great and all the best for the remaining quarters and hoping that Q4 will be positive and all the best for that.

**Nisha Dutt**

Aiming for that. Thank you.

**Moderator**

Next question comes from Raj Kumar Ojha, an Individual Investor. Please go ahead.

**Raj Kumar Ojha**

Good morning, Ma'am. My question is regarding a Subex account aggregator, we had participated into that. What is the progress and by the way any commercial activity has been commenced?

**Nisha Dutt**

So, we have applied for the account aggregator license. I believe that process is still ongoing. In the sense that they have to do some due diligence. There is a decision framework. So, I believe we are progress wise well on that aspect, but the license is not granted yet. We are still awaiting grant of the license.

**Raj Kumar Ojha**

Okay. My next question is, ma'am, in the last con call you promised that after one year we'll see real profits. Now, can I say one quarter has passed, so only nine months are left?

**Nisha Dutt**

I totally hope so. I would not want it to be a moving target, but, yes, actually.

**Raj Kumar Ojha**

Actually, we are looking for the last 12 years. **[Inaudible 00:41:51]**

**Nisha Dutt**

No. Thank you so much for your patience. The vibe is truly appreciated. And your interest is definitely front and center for me.

**Raj Kumar Ojha**

I have invested in Subex since 29.12.2009. So, I'm waiting for so long. Anyway, I'll look forward.

**Nisha Dutt**

Sir, we're very grateful to you. Very grateful to you and very grateful for your support. But hopefully, we'll do. I mean, definitely the focus is to do right by you.

**Raj Kumar Ojha**

And my last request is, as one of the persons put a question to you, that please keep us informed in between con-calls or in the quarter, the progress that you are making on the new licenses that you are winning. So, that keeps the momentum high, because the company is not doing well, and this little information they keep us in a good health.

**Nisha Dutt**

Sure, sure. I take that feedback onboard.

## **Moderator**

Thank you. That would be the last question for the day. Ladies and gentlemen, this concludes your conference call today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day.

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