August 12, 2022

The Secretary	The Secretary
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor, Plot no. C/l
Dalal Street, Mumbai- 400 001	G Block, Bandra-Kurla Complex
Fax: 022-2272 2037/2039/2041/3121	Bandra (E), Mumbai - 400 051
BSE Scrip Code: 532348	Fax: 022-2659 8237/38; 2659 8347/48
	NSE Symbol: SUBEXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Call held on August 10, 2022 for the quarter ended June 30, 2022

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the Earnings Call of the Company for the quarter ended June 30, 2022 held on August 10, 2022.

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

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Subex Limited

CIN - L85110KA1994PLC016663

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Subex Limited

Q1 FY2023 Earnings Conference Call

Event Date / Time	:	**August 10, 2022, 12.00 Noon (IST)**

MANAGEMENT: MR. VINOD KUMAR PADMANABHAN - MANAGING DIRECTOR & CEO

MR. SUMIT AGARWAL – CHIEF FINANCIAL OFFICER

MR. GV KRISHNAKANTH - COMPANY SECRETARY & COMPLIANCE OFFICER

Moderator

Ladies and gentlemen, good day and welcome to Q1 FY23 Earnings Conference Call of Subex Limited. As a reminder, all participant lines will be in the listen only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch tone telephone. Please note 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 afternoon to everyone who have joined earnings call for the Quarter ended June 30, 2022. Now I'd like to introduce the members of the management who are present for the call. Along with me I have Mr. Vinod Kumar, Managing Director and CEO and Mr. Sumit Agarwal, Chief Financial Officer of the Company, I would 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 include, but not limited to fluctuations, earning our ability to successfully integrate acquisitions, competition in our area of business, client concentration, liability for damages in our contract, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry. So, with this, I handover the call to Mr. Vinod Kumar to take it forward. Thank you.

Vinod Kumar

Thank you, Krishnakanth. Good afternoon, everyone. I thank you all for joining the call. As you would have seen from the Q1 results published the revenue for the Quarter stood at Rs 83.3 crores, the PAT is Rs 5.5 crores. We have clarified in the notes that during the Quarter ended on June 30th an amount of Rs 8.66 crores was provided on a conservative basis as doubtful debts towards receivable from one of our customers. Even though we are provided we are confident that we will recover the above amount. So, while the EBITDA is Rs 7 million, the normalized EBITDA if you consider this one-time provision will be Rs 9.4 crores that will be about 11.4%. The cash and cash equivalent at the end of the Quarter stood at around Rs.100 crores.

So, overall, the quarter has gone in line with our expectations. We had also completed the restructuring of moving the assets from Subex Assurance LLP to Subex Limited and the effect of this change has happened in this quarter. In the last call, we covered the recognition that we have got around HyperSense AI from industry experts and analysts like Gartner. We are seeing various enterprises slowly understanding the value of multi-personnel AI-ML platform. Let me explain the problem that we are solving with HyperSense AI. Just about every enterprise understands the need to embrace AI-ML that is artificial intelligence and machine learning for a variety of reasons, and all CXOs wants their enterprise to be artificial intelligence AI-ML orient. However, the reality is that only about 15% of the AI models built ever get into production. So, if you look at it in the first

place, there are very few team members who can do AI-ML and on top of that 85% of all these team generates never get into production. This is the current global scenario.

In some sectors like Telco's, the situation is even worse. There are three main reasons for this particular situation, one, the data science , using AI to generate results, business results, is difficult and time consuming. The second reason is that data scientists are hard to find, and the third is that there is a tough gap between the business and the data science team. Now all of these three issues are solved by this new category of solutions called multi-personnel AI-ML platforms. First of all, such place for such platforms makes data science AI or AI-ML easier. Secondly, due to the no code, drag and drop functionality such platforms enable normal people with minimum training to do data science. We call such people citizen data scientist. Thirdly, a lot of focus is going into explaining the AI results, which helps in better collaboration between data science and the business teams.

As you can appreciate the only pragmatic approach to build an AI enterprise is to adopt a multi personnel AI-ML platform. Enterprises are realizing it and slowly adopting it. Subex multi personal AI-ML platform is called HyperSense AI. We are arguably the only such provider with a specific focus on Telco's. Now we are in various stages of engagement with Telco's around HyperSense AI. There are two areas that we are focusing when it comes to Telco's, one is their own internal use, that is how you can leverage HyperSense AI to solve Telco's need for AI and ML. Another important aspect is that with 5G almost all mainstream Telco's are building a portfolio of digital services that they can offer to enterprising. AI services will be a very important part of that offering. AI will be integral for monetizing 5G technology, and therefore every Telco who's building an enterprise portfolio, will need to have a platform around which they can build this AI service.

As I have the eluded earlier Subex with this Hyper Sense AI is probably at this point in time, the only provider of a multi-personal AI-ML platform to Telco's. So, our reason announcement, the Jio platform is also around this, where we would be supporting Jio platform to create an AI offering underpinning our platform. We have set up the training and support capabilities to back and scale such engagements with large strategic partners. Now coming to our core business around fraud RA and partner settlement, we are doing reasonably well. The upgrade cycles are slowly starting on the back of 5G technology rollout and related upgradations. As we have been communicating, we are slowly moving our customers to our HyperSense space Platform whenever there is an upgrade opportunity. If you look at our overall activities, we are putting all efforts around our core to build a solid business around AI with strategic partnerships and enablement.

We are in the early cycle of adoption, but it will get adopted and we are well positioned as and when the market opens, particularly the enterprise segments with widespread adoption of AI platforms. On Sectrio and IDcentral, our focus is on adding more customers. Coming to IDcentral there have been a reduction in the AI polls, particularly from our crypto based customers. But we expect this to change as we onboard more customers in the mid-tier segment in the quarters to come. Further, we are also on-boarded the first Telco customers for IDcentral in Africa. Now, this is a very interesting use case where many regulators are stipulating specific criteria for onboarding customers digitally and we are seeing this growing trend starting from Africa. So, this is again a segment which we are focused with our ID central portfolio.

Now the ROC based which was our earlier platform-based deliveries are coming to an end and from Q2 most of the deliveries will be on HyperSense platform. So, we will see a shift to subscription-based revenue starting quarter 2. So just to summarize, the focus continues to be on building the new areas, with the right kind of partnerships, this is our future, and we will make it work for all stakeholders. Your continued support means a lot to us, and I also thank for the same. Thank you very much. And we will now open up for questions.

Moderator

Thank you, sir. 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. Participants are kindly requested to ask two questions in the initial round and may join the queue for more questions. We will wait for a moment while the question queue assembles. The first question comes from Pratap Maliwal, from Mount Intra Finance. Please go ahead.

Pratap Maliwal

Hi, can you hear me please?

Vinod Kumar

Yes, Pratap, go ahead.

Pratap Maliwal

Hello sir, I had a question regarding the recent news that we had regarding our tie-up with the Jio platforms. So, could you just help us understand what is the nature of that tie-up and what is the monetization schedule when can we maybe expect revenues to start flowing in and what is the nature of the tie-up and how the revenue will actually flow to us and when they will start, please?

Vinod Kumar

Okay, so as I had indicated, most of the Telco's are looking at creating a portfolio of services around AI, particularly to monetize 5G because 5G along with the connectivity, 5G will create a lot of new opportunities for such Telco's in the enterprise segment. Now, we have got this engagement with Jio, thereby, we will be supporting them in their AI service in the creation of AI services. So just to take an example, Jio would carry a plethora of services around connectivity, analytics, security, etc. and the Jio services around AI, we would be a platform which will be supporting that. Now, this is something which we have similar discussions going with several Telco's around the world and we hope that we will have many such announcements for several markets announced in the Quarters to come.

Now, with respect to the monetization, we have already clarified that Hyper Sense AI is a subscription-based pricing model based on the consumption of the platform. So, when Jio starts offering this to their customers, based on the consumption, we will have a revenue share agreement between Jio and Subex. Now, Jio, we are expecting, I think the specific timelines we are yet to determine but as soon as Jio starts offering some of these services and when our platform gets used by their customers, we will start seeing the revenue coming from this engagement.

Pratap Maliwal

Okay, sir, thank you. Another question I had was in our disclosure, we've seen that there's been a provision made of Rs 86.6 million doubtful debts, one of the receivables as you pointed out sir, so I just wanted to ask what has actually caused this? Is it maybe in the geography was the client and I just wanted to understand that if it is Rs. 86.6 million, then this seems to be around almost 10% of our revenue, so would it be maybe fair to assume that it's perhaps a tier one telco or a major client of ours? And maybe what actually led to this eventuality, could you please clarify?

Vinod Kumar

Okay, so this is as I clarified it's a provision that we are made on a conservative basis, we're quite confident that we have resolved this matter. The reason for this is there's several reasons came together one was some the Forex issue that was faced by this particular customer, and the geography whether the customer operates that was one. There was some change of the management and because of some of these challenges, we had some delays on the deliveries as well. So overall, I think all these things resulted in a delay in receiving the collections from this customer.

And as a part of our corporate governance, we have a particular process whereby if it delays over a particular period in time, we will take a provision on this, so I just want to reiterate that we are reasonably confident that we will get this collections done, but it is taking time and as a part of the corporate governance we felt that it is better for us to make this positioning, so it's just a onetime activity and it is from one of the customers in the larger Middle-east region.

Pratap Maliwal

Okay, so can we maybe expect the entire amount to be reflected in the next Quarter itself? Or would there may be a phase recovery of this amount?

Vinod Kumar

We're expecting it to be a phase recovery. But some part of it would definitely come in the next Quarter. Yeah.

Pratap Maliwal

Okay sir, so one another question I had was regarding the we had a recent call out of a deal win for fraud management on HyperSense, I believe the figures were USD 3.5 million for over five years. So, what shall we understand how does the revenue actually tackling have your firstly, have we booked any portion of the revenue in the current numbers are they reflected, and secondly, how the revenue model changes versus if this was a previous work deployment versus the current deployment, how the revenue actually model changes? Could you please help us understand?

Vinod Kumar

Yeah, so this is Hyper Sense, and therefore it is going to be a subscription basis. So earlier, if you look at, if you are ROC base deployment, this whole 3, the bulk of the USD 3.5 Million would have been recognized within the 12 to 18 months timeframe, now that has got changed and this will get now recognized over a period of 5 years. Now while, so because it's a subscription based rather than a license and licensing **based model.** so that's, that's a major change that happened. But the most important thing is that this particular thing, we have a HyperSense already deployed and once we start, once the customer, this is timely around the HyperSense thought management side of things.

But once the platform is done, we will work with the customers to move other cases, outside the Fraud Management onto these platforms, which will come with a different commercials, because the platform can be used for a plethora of use cases. And that is exactly what we are trying to do with most of our customers. So, while from a recognition of revenue perspective, for that 12 to 18 month, which will get spread to 5 years. But the opportunities are unlike earlier platform, which allows us to move more and more use cases on top of this platform, which will come with additional subscription outside this USD 3.5 million that we have formed.

Pratap Maliwal

Okay sir, and have the revenue started flowing in? Or when may be?

Vinod Kumar

No, it will start flowing once we start that once we complete the deployment, we have started the deployment and then during the next Quarter, some part of it will, and we'll get commissioned, and then the revenue will start kicking.

Pratap Maliwal

Okay, thank you sir and get back in the queue. Thank you.

Vinod Kumar

Thank you, Pratap.

Moderator

The next question comes from Deepesh Sancheti from Manya Finance. Please go ahead with your question.

Deepesh Sancheti

Yeah, hi, am I audible?

Vinod Kumar

Yes, Deepesh. Go ahead.

Deepesh Sancheti

Yeah, my first question is actually for the Jio platforms only I think it has been already answered. Now I wanted to just understand our revenues from Indian market is around 2%. We are having Airtel, Vodafone, Jio now. So, practically the entire telecom market, Indian telecom market as our customers so going ahead, what revenue share are we looking from the Indian market?

Vinod Kumar

Look, I think as you can, if you look at our core business, which is primarily aimed at the Telco's at this point in time, so far our opportunity exist when there is an upgrade cycle that is when we upgrade our existing installations to support the new let's say technology, or when we have a new product and when we have a new sales to the to the Telco's that's what our revenue stream is other than the normal annual key base support revenues. So now, HyperSense this changes, and we do have the ability to on a constant basis provide new services to our customers. So, I think while for the near term I would say that the percentage of revenue will be around on our core areas.

But as we start, you know, taking the solutions to the enterprise segment through our telco partners, we will see that changing by and by, so this is for our core, but our new areas of IDCentral and Sectrio, the focus is predominantly the Indian market or that is probably one of the two markets that we are focused on. So, as those revenues grew up, you will see a larger portion of the overall revenue coming from the Indian contribution. So, to summarize, overall, in the short term, we will see that percentage of revenue will be around that, but it will start growing as the enterprise business and the new product business starts growing for Subex.

Deepesh Sancheti

So, as I understand, as new technology like 5G, blockchain will develop in India, that is a time Subex will actually kick start with getting more revenues from them.

Vinod Kumar

Yes, because we have seen the same opportunities elsewhere also, but as a percentage, because of the new areas that Sectrio and ID centrals we are only focused on India. So, once that starts revenue, that starts generating revenue, then the overall revenue from India will start increasing as a percentage.

Deepesh Sancheti

When do you expect that to actually kickstart?

Vinod Kumar

Look I think for this year, we will see that it will be there about in the 3-5 % range. But as we start, you know, significantly scaling the Sectrio and IDCentral revenue that will change that will be towards the towards next year, next year onwards.

Deepesh Sancheti

And if you can just throw in some numbers, you know, like as investors, we really want few numbers to come out that what is the expectation of how much revenue are we expecting? There's nothing binding but point is if there is you know a revenue guidance, which is which can be expected from these Telco's, then it'll be easier for us to judge how our investments should go.

Vinod Kumar

Deepesh, I understand where you're coming from, but we are not giving any specific guidance to pay so. I think what we can provide you is the, is the fact that this is definitely this is Multi-personal AI platform is a growing segment really growing segment very, very fast-growing segment, early days of adoption. And this is not just with Telco's only, right? This is going to be adopted by across every enterprises and Telco will be a provider of such services to every enterprises. So, we are aligned with Telco's and other major players who are going to be a provider in this space of AI thing it's a huge market. So, I think as you would slowly see, they will start announcing this relationship partners strategic partnerships in various markets. And we are aligned with large partners which will have a much higher reach. And that's our focus. So, I wouldn't need to want to provide a specific guidance at this point in time, but I just want to paint the picture of what where we are taking Deepesh.

Deepesh Sancheti

Okay. And also, we've seen the Sectrio customers, we have even SBI so are we looking at tapping at other banks Indian Banks specially?

Vinod Kumar

Yes, Sectrio we are only focused on three markets at this point in time. India, Saudi Arabia, and UAE and Saudi Arabia and Mexico, these are the only three markets that we were focused at this point in time and India is a very, very key market based on some of the key events that they had in the both in the Government and enterprise segments, we havee increase the reach out and you know, we are started seeing the RFPs coming out based on the work that we have done in the last few quarters. And we as we go along, we will start announcing the customers that we are winning, we are expecting, as I mentioned in my briefing, the current effort in both Sectrio and ID Central is to add customers, so that we can establish as a key player when it comes to OT-IoT security in this and identity antics in this in these markets.

Deepesh Sancheti

My last question, it is a hypothetical one, just the last one. The generally it is seen that Jio takes a stake into all its technology providers. It has been seen throughout the Jio's journey. Is there any talk? Is there any possibility going ahead? Since we, you know we just removed our promoters from the promoter list. Is there any possibility ahead?

Vinod Kumar

Look at this point in time, we are in the early days of building these partnerships on and ensuring that we from a portfolio standpoint, we have the, we are providing the right support to it. So, at this point in time, there's nothing our focus is around at this point in time our focus is to take this AI services jointly to the market and make a big success out of it, Deepesh.

Deepesh Sancheti

Thank you. Thanks so much.

Moderator

Thank you, sir, participants are kindly requested to ask two questions in the initial round and may join the queue for more questions. Thank you. We have the next question from Jagtap an Individual Investor, please go ahead.

Jagtap

Hello.

Vinod Kumar

Yes, Jagtap go ahead.

Jagtap

Yeah, good afternoon. See, we have observed in last 8 quarters that before every quarter results Subex is announcing some partnership. But it is not updating investor in subsequent quarters, what is the revenue generated from such partnership? Last year, we have announced Snowflake partnership. So, what is the revenue generated from Snowflake partnership in last one year, that is never updated in subsequent quarters?

What is the reason for that? See are all these new announcements every just before the quarter we receive, divert attention in the investor call into new areas where you don't have numbers, so what is the reason for bringing all these things? That is the first question. Second question if there is a reduction of 15% that means Rs. 18 crore from cash and cash equivalent in last three months. What is the reason for this large reduction in the cash and cash equivalent? These are the two questions.

Vinod Kumar

So first, on the partnership, I don't think that at this point in time, we are providing the breakups of revenues from individual customers or individual partnerships. The idea of this partnerships is not just from an investor standpoint alone. These partnerships are announced from a market from a trade perspective as well, because we wanted to announce this partnership so that it helps us to go and build, build a portfolio together and take it to the customers. So, this is something which we are I mean, in this particular case, both Jio and Subex decided to announce this partnership because we wanted to.

Jagtap

I'm not talking about Jio because Jio, you will not have a number today I'm asking about snowflake, which is announced last year.

Vinod Kumar

Right, so I think all these partnerships are announced so that we can initiate the go to market activities. And that is what the partnerships and the timing of that is not based on when we conclude the partnerships. And it's got nothing to do with any other matters. So that's point number one. And we do not provide any customer or partner specific revenue contributions and at this point in time, at least we don't have any, any plan to provide that whatever we are providing at this point in time is a region specific and overall, you know, the product specific details is what we are focused on.

Coming back to the cash reserve part of it, I think we did have some spend that was going on back then the Capex side of these things because we have, we have initiated, we have expanded the new offices. And also, there's a bit of a timing issue on some of the collections coming into moving from June to the July timeframe. So those are the reasons why there's a short movement and there's some collections have moved from June to July timeframe. So those are the reasons why there

have been a reduction of almost close to about Rs.18 crores when it comes to the cash equivalent. But those things we'll come back as we get into this court, Jagtap

Jagtap

But are you going to update next Quarter that whatever money is drawn from the cash and cash equivalent, you've written that to the cash and cash equivalent.

Vinod Kumar

We will provide the details of what is the cash equivalent at the end of the next Quarter. And that's something which we are reporting as a normal thing in our investor tech. So that will get reported and that should give you the view of how things are.

Jagtap

Do you mean to say that there is no revenue from Snowflake in last one year?

Vinod Kumar

Sorry, can you come again?

Jagtap

Do you mean to say that there is no revenue from Snowflake partnership in last one year?

Vinod Kumar

We have leveraged that partnership and not only with that, but all the partnerships also that we are leveraging to significantly progress HyperSense and the HyperSense success we have today, they have already had 7 customers already in HyperSense and we are leveraging our cloud and other partners significantly to make progress on this matter. At this point in time while we have announced a few things based on the go to market strategy, we are also working with several other hyper scalars to ensure that you know we have very tight relationship with most of them and as you will see going forward, we will start announcing the other ones also.

So, These partnerships are the are the primary G2 go to market avenues for us to take Hyper Sense to the market so most of the revenues that we are getting from HyperSense are related to the common efforts between our effort and some of these partnership efforts so, Jagtap.

Jagtap

That is same thing I am asking, is there any revenue from Snowflake? Yes, or no?

Vinod Kumar

As I already clarified, we will not be providing any specific information on any partnerships or any customer related things, which is not we are unable to provide those details because of the confidentiality that is assigned with customer and ROC.

Jagtap

We are not asking customer; we are asking whether revenue generated from partnership or not?

Vinod Kumar

No, that's what I'm clarifying. We would not be able to provide because of the confidentiality that we have signed with the partners as well for the specifics of this relationship.

Jagtap

These Rs. 83-crore whatever revenue there, what percentage is from old business and what percentage is from new business?

Vinod Kumar

If you talk about the new business, if you're talking about the IDCentral and Sectrio part of it, we generated close to about a quarter of a million from these two lines of business from quarter million will translate to, you know, a quarter of a Million that adds what USD 250K is what we generate, 250K USD is what we generated from these two product lines in Q1.

Jagtap

It is less than 4%.

Vinod Kumar

Yes, correct.

Jagtap

Okay, thank you.

Vinod Kumar

Thank you, Jagtap.

Moderator

Thank you. Sir, the next question comes from Amit Mishra an Individual Investor, please go ahead.

Amit Mishra

Hi. Hello Vinod. Am I audible?

Vinod Kumar

Yes, Amit, go ahead.

Amit Mishra

Congrats on showing growth in the quarter, which is the bigger quarter so good performance there. But bottom line is still we need to see like how we get because margins gone down quite a bit. I have just one, few questions are already answered. I've just a specific question. Jio platform Partnerships you announced recently. Our PR says that JPL will offer its cloud 5G core to Telco's globally along with Subex HyperSense.

So, I want to see how it will be operationalized because JPL being subsidiary of Reliance itself, is a Telco, won't there be conflict of interest with other Telco clients when you take JPL JV with Subex HyperSense, while dealing with 5G on its consists of sensor data and everything. So, I want to see like, what's the plan? What's the roadmap for this? Is it just a specific course? Or it's open to other enterprises?

Vinod Kumar

Okay. Look, I think it's a JIO platform strategy question that we're asking, or maybe I will not be the right person to answer that. But on the question in general, we have cases I can go into

Amit Mishra

Vinod, sorry, just let me read again, this is from the PR, so I want to be very clear.

Vinod Kumar

So, I'm clarifying. I just

Amit Mishra

Yeah, I just read from the PR it says JPL will, or its cloud native 5G code so I just want to just want to specifically understand that.

Vinod Kumar

Yeah, so if you look at globally, that trend has been set by a company called Rakuten, Rakuten RC. It's called Rakuten communication platform, which is an operator in Japan, and Rakuten have had wins across the board for their platform. So, I think things are getting more and more opened up and people are looking at leveraging some of these platforms and the cloud native nature of such platforms to both reduce their operational costs and you know, have good curve go to market. Now, so therefore, I think our focus while we are we are supporting our customers similar to Jio in ensuring that when it comes to AI, be providing a robust platform and all the enablement so that they can create whatever it is required as the right service offering both for their potential Telco customers and also for the enterprise customer.

So that's where our focus is and our focus are on a lot of enablements like, with today we are enabling in some Telco's we are enabled more than the entire technology team on our platforms where they are able to generate use cases without any support from Subex using our platform. So that is precisely where we are going, and this is where I think our focus will be.

Amit Mishra

Yeah understand, but I see conflict of interest JPL being, you know, subsidiary of Reliance with another Telco. Okay, I understand the solutions can be taken to other enterprises outside Telco ecosystem. Okay. Second question is on IDcentral, I saw you provided some number and representation, and I saw ARR of 46k in this Quarter, so it has been like 5-6 Quarters, I think the ramp up has been very slow. So, I want to hear like future roadmap, there's like what sort of expectations you have not guidance, per se, but what sort of expectation and are there like? It's very, it's very competitive in India and we are the market we penetrating in and some bits on Sectrio because there is not update except the clients on Sectrio. These are two you know focus area, new focus area so we want to hear more on these things.

Vinod Kumar

Yeah. So, let me start with IDcentral and IDcentral, as I mentioned, some of us did have a dip in number of API calls that we had in this Quarter on account of the low activity from the crypto customers, but by and large from your from MRR & ARR standpoint, I guess that that is getting bridged, because we have started also onboarding, Telco's, telco customers, where the ARR significantly higher. If you recall, our MRR used to be something like you know, an average used to be 850 to 1,000 dollars per month, but from a Telco customers, we are talking about upwards of 10,000. So, therefore, that is a nice segment. And we have had the first success we have gone in production and one of the customer and we have a lot in the pipeline in a similar one.

So, it is competitive. And I guess where the focus is on to, to ensure that we are able to provide at the right cost and much higher accuracy so that we can swap the customer from their existing providers to our customers. We started with smaller tier customers, we are getting into the mid-tier customers as we see, and it was stabilized. And we will our intent is to get into a get to a kind of 100k MRR is our near time objective. And with the Telco addition, that is we still hope to get

to our internal timelines that we are kept for ourselves for getting the 100k MRR, with respect to the Sectrio, as I told you.

Amit Mishra

Just very quickly, Vinod, why I asked on position in IDcentral is recently, L&T Infotech, they partnered with Saviynt to deliver Identity Solution. So, I think other players are also like existing competition is there and new players coming in with specific partnerships. So, if we like ours has been a bit slow, I would say, I understand we have made progress. But are we losing the grip in the market? Because you know like we have to scale up quickly this year each and everyone?

Vinod Kumar

I think yeah, it's a very large market. So, I guess there will be a lot more new players coming in, we are taking the right steps and our directionally what we are looking at is to as we said that we are looking at getting the account aggregator, you know, getting into the account aggregator side, and prices, eventually we want to leverage the telecom data, to solve identity antics and take it to the next level. That's directly where they are going. But I think it works because those setups are being done and we are in the approval process to get the working done with TRAI and others to ensure that we are, they are there when that approval happens so that we can bring in the telecom data to solve the identity issues for the country.

So that was a big change that when will happen because we understand that data very well and be well positioned to take advantage of that. Till that time, we are improving our technology. And we are building our API's, I mean, the suppliers have been there for a much longer time, so they're much more API with different databases. So we are on an ongoing basis, building the API's which need to be prioritized for our existing set of customers. And with a Telco addition is where I think we will have a different Telco customer addition we will have, internally we will get together wherever we want.

That's not to say that there will not be competition very intense market, but we did that with a Telco advantage, so Telco Data advantage, we think that we will have a good stay and we will be able to compete on that. Now, if I could Amit, if I could move to the question on the Sectrio side, I think we are in the process of building the large RFPs in the country. As I said, we have some RFP's have come in Q1 and decisions will happen in Q2 and we will see that we will have some interesting additions as customers as we get into Q2 from the Indian customer segment, because those are things that the RFP's will get concluded in the course of next year.

So, we are definitely leveraging the initial bench we have and also significantly leveraging the Make in India angle, particularly when it comes to infrastructure, providing, you know, security solutions to the infrastructure segment. So, things are going well, and as I told you, by Q2 we'll have some interesting additions as customer base.

Amit Mishra

Okay, thanks. Thank you.

Moderator

Thank you, sir, the next question comes from Chirag Kachadiya from Ashika Institutional Equities, please go ahead.

Chirag Kachadiya

I have a couple of basic questions like what exactly our role in the client ecosystem in telecom related Capex and the other offering which we do to the client in various industries?

Vinod Kumar

Okay, so in the telecom segment, we offer, lot of customers we work are in the range of revenue management, where we talk about Fraud Management, revenue leakage prevention, and partner billing. So, these are the three core solutions that we have. Recently, we introduced the whole analytics platform with this AI-ML platform, which we're talking about HyperSense AI, that is something which is the growth area for that we have identified for us. And at this point in time, we are in various POCs and again, the announcements that we have on the partnership with Jio platform was around that area.

So, this is what we do on the Telco segment on the core segments on the new areas, we have two areas one is security, where we are working on the OT and IoT security area, and identity analytics, we are looking at solving the basic identity issues when it comes to digital customers and digital customer onboarding like the e-KYC starting at e-KYC, transaction monitoring and things like that. These are our current set of products, the larger umbrella all these products can be put together in the larger umbrella of digital trust. So, that's the space that we work in digital trust, but some of the products, I have already listed some of the specific product areas that we focus.

Chirag Acharya

And sir, the reason to change this promoter category to public you can guide why is this change?

Vinod Kumar

So that the promoters moved I mean the original promoters moved out way back in 2012, and then post that, you know, there were some technical reasons why they had very little to do with the company after that timeframe. And there were some technical reasons why this could not be done till now. So, it is pretty much at that angle. So, the promoters, the original promoters that have been you know, not connected with a business from quite almost a decade, they are not being connected to the business. So, it is just some technical reasons why we couldn't remove them till now and that has been cleared now and therefore, we are moving them into a separate catageory.

- 16 -

Chirag Acharya

Okay, and sir I want to know like your order book mechanism, what is the percentages of annuity and what is less than 12 months order which we do with client, the bifurcation I want?

Vinod Kumar

So, the annuity at this point in time will be almost 65 to 70% of our total business will be annuity-based business. But interestingly, we are changing into a subscription model. So, I guess that from a licensed to a subscription model, so subscription in a way is a kind of repetitive business. So, if you look at manage services and the annuity will get you know replaced by the subscription business so we are going through a transformation from a license and support, subsequent support to a subscription-based model where in a year's time, most of our revenues will be subscription-based revenue which will be ARR based revenue.

The second question I did not fully understand but if your question is that is our contracts below 12 months, most of our contracts that we sign with customer on an average will be around 3 years, but in some cases, it will be as long as 5 years in some cases it will be also sign up you knowtwo year deal. So, on average, it's what we sign is a 3-year deal with customers.

Chirag Acharya

So, who are the other players who do similar job like we provide to clients?

Vinod Kumar

We don't have any competitor in the country. We have different competitors when it accounts to the individual product lines. We do have a product a company called Mobileum who competes within the revenue management side of things. When it comes to HyperSense AI, there are many players who are in the Gartner has listed recently to about 15 to 20 players who are in the multi-personnel AI-ML platforms.

But as I noted earlier, we are the only one with a Telco focus at this point in time. When it comes to Sectrio, OT IoT there are about 3-4 large players. And again, none in the country. And the analytics we have a lot of players locally, as well, there are about 3-4 players, which we which are playing in the IoT analytic size. So, across the globe, we can't talk about a single competitor that we have, but in different product categories, we have different competitors.

Moderator

Chirag sir, I'm so sorry to interrupt. Can you please join the queue for more questions? I'm really sorry.

Chirag Acharya

Okay, fine.

Moderator

Thank you, the next question comes from Mahesh Kumar, an Individual Investor, please go ahead.

Mahesh Kumar

Yeah, good afternoon, I have question related to total contracted backlog and backlog for 12 months. If you see last quarter, March quarter and this quarter, there is a decline and there is no growth in the total contracted backlog. So, what is the reason for that? And second one every quarter, you are telling performance is as per expectations, but we don't know what your expectation is. Unless we know expectation, we will not come to know what expectation is. And every investor call you are giving a very rosy narrative about the products and services. But it is not backed up by the numbers. What is the reason for that? This thing happens continuously for 8-10 quarter, the trust on the management will diminish. So how you're going to address this issue?

Vinod Kumar

Yeah, so Mahesh, I think the first point is that all the 3 areas that we've identified are new areas, which are the high growth segment, but it's not an existing well-established area and this is brand new areas right. So, it takes time for both for the market to be established and thereafter establish in that market as a leader thing. So, if you look at OT IoT security, of course, the IoT said we started with IoT security, it did have some impact because the COVID because the IoT projects got delayed, itpivoted to OT security which is evolving as a very important subject kind of tech. Identity analytics is again with digital onboarding, it is a growing area. And AI-ML platform is a growing area.

So, while I really appreciate from where you are coming saying that when will that, when will these new products start giving, you know, contributing a sizable revenue to it, we are confident, Mahesh that as we go along these things will play out as we are expecting and coming to the point of you know, last couple of quarters my narrative has been that financial results have not been in line with my our expectation this quarter it is different, this is what we are expecting and also please bear in mind that we are going through that transition of the license to a subscription model where it is getting the contracts are getting executed from a revenue standpoint of over much longer duration than you know than earlier. So, multiple transitions are happening at this point in time. So, I guess I presume that once we get into a steady state when it comes to the subscription revenue, then probably it will be a better position for us to provide you at least some sort of expectation saying that a Q-o-Q growth, we are expecting is so much.

So, all these transitions are what is affecting at this point in time. But I think what we are very, very clear is based on the POCs and the partner and the interest that we are getting from transition from strategic partners directionally we are in the right track, and we are logged on to some of the high growth areas in the future. So that's t where I would want to respond to that. But I understand from where you're coming. And hopefully I think we have started providing more details into some of the new areas like IDCentral, we are providing with a number of customers, the MRR, we are listing the MRR. And also, we have started, the API pulls will start similarly for some of the new areas, which will give you the confidence of how some of the progress that we're making in this new areas Mahesh.

Mahesh Kumar

When you're going to reach this steady state what you mentioned just now?

Vinod Kumar

We've just started like in the HyperSense we have just started, we have secured now 7 customers we have started deploying, and as I told you, by the end of this quarter, most of our ROC base deployments are coming to an end. So, most of the new deployments going forward will be on Hyper Sense. So probably by the next 2 quarters, we will get to a stage where most of our revenues will be subscription-based revenue. And thereafter, we should be able to get a view that okay, now most of the revenues or bulk of the revenues are subscription-based revenue. And then you'll slowly see the growth from there.

Mahesh Kumar

I will still request that you should do some expectations or guidance, it may be pessimistic, nobody's going to punish you for that, but we are not able to judge how is the company is performing? If you see the IoT. If you see the Sectrio, we don't have any new logo added in the last quarter.

Vinod Kumar

Yeah, so we have not added any new logo, because I think as I told you, we have, we are working on the RFPs. And you'll see that addition happening in next quarter. So, we have not had any new logos added in the Sectrio of Q1. And our expectation is that we will have some very, very important logos added in Q2, and that's what we started doing. So that transparency is there that we are providing which are the customers who have added and probably, you know, very soon, we will start providing the details of the, from the revenue standpoint also for some of these new areas, So the next will be the HyperSense AI.

But at some point in time, we will start reporting the number of users that we have on HyperSense AI, that was that some of the key area or our vision is to have 100,000 users for HyperSense AI by 2024. But we'll see how we explore on that. So far things have happened, things have started well, but a lot more work needs to be done Mahesh on that side.

Mahesh Kumar

So, please give some guidance, it may be pessimistic, you're not able to judge performance. Please consider that because without that, it's very difficult to analyze the company and to take action whether to remain invested or exit the company.

Vinod Kumar

Okay, I hear you will come back to you, Mahesh.

Mahesh Kumar

Okay, Thank you.

Moderator

Thank you. Sir, the next question comes from Hemal Kapasi an individual investor, please go ahead.

Hemal Kapasi

Hello.

Vinod Kumar

Yes, go ahead. Please.

Hemal Kapasi

Hi sir, I just wanted to know that in the last investor presentation, you had mentioned that Sectrio we have started deploying for SBI. So, there were 5000 I think installation is to be done in the initial stage. And then we were expecting that if anything goes okay, then we might install another around three lakhs. So, what is the status of this deal?

Vinod Kumar

Oh, so, there are two sites, one side has gone into production, obviously, we can't provide more details of that. So, one site has gone to production and the other site, we expecting there are two sites that were deployed the other site, they expected to go into production during the course of this quarter. And thereafter, we will start expanding into other areas.

Hemal Kapasi

So, we are the only company for which they are taking demo or there are other players also for SBI is doing the same exercise.

Vinod Kumar

So, these are not demo, these are real commercial deployments. So, it's not demo that we are talking about deploying and it's getting into production. And for this particular range, we are the only provider.

Hemal Kapasi

Okay, and have we got any queries from them, or they are going ahead with our product?

Vinod Kumar

So, I think it's not that a demo or a proof of concept. It's a contract that we have got for deployment across the entire thing. As I said, we have got one site has gone into production. There is another site that we are taking the production during the course of this quarter. And subsequent to that we will roll out to execution so it's not a demo or something, we got the contract for the full rollout.

Hemal Kapasi

Okay, sir. Thank you very much and best of luck.

Vinod Kumar

Thank you.

Moderator

Thank you. Sir, the next question comes from Ashish an individual investor please go ahead.

Ashish Kothi

Basically, want to understand as to where is the company's policy of switching from a new contract model to subscription-based model and at the same time launching new product, which is basically creating problems and not able to manage both things together that is what which we want to know also within Telco's are the……

Moderator

Ashish I am sorry to interrupt can you please come to noise free area?

Ashish Kothi

Just one second, What I mean to say is there is a there is a problem, which I feel is companies facing in terms of launching new products as well as moving on to our subscription-based model, which is creating problem on revenue generation. So, is that true? And also, within the Telco's, are we concentrating majorly on only Asian and African Telco's. And we do not have any major players of US, Europe, and Japan, and China.

Vinod Kumar

So, first question, I think it is not a problem, it is a phase that one need to go through when you're moving from a license to a subscription model. And when a lumpy revenue gets distributed over the years, and that we are going through that, that same process. So, it's not a problem. It's a process that one needs to go to, and directionally, I think it's the right decision to move into a subscription model as most of the world is moving into, and therefore we have embraced on that. So, we have from a timing perspective, I think the timing is right when the telco segment is also moving into that area.

With respect to our customer base, we do business in over 100 countries. And most of the, I mean, if you look at the top 75% of 75 Telco's out of the top 100 seventy-five Telco's, the top seventy fives will be of customers, so we do have customers across the board. In AT&T, Verizon,T Mobile, Sprint, BT Telefonica, most of the large brands in Europe and US will be our customers. We do not operate in the market of China, Japan and Korea, because of language challenges and things like that. Those are the markets that we have not entered into. But the wider Europe, North America, and any Middle East and Africa and APAC out other strong regions, we have customers, most of the large, large Telco's, our customers for one or other range of products.

Ashish Kothi

What is your market share in developed markets there?

Vinod Kumar

So, market share in the developed market, I think, if you look at, we are doing very well. If we look at our market share of the total revenue, I will say that Europe, Middle East and Africa would be the majority followed by America and APAC and then will be India. So, most of our customers are in Europe, MEA.

Ashish Kothi

No, my point is, sir excuse me, my point is developed market size out of that, where do we stand? How much is our share in that market?

Vinod Kumar

Okay, all right. Okay. So, if you look at the mainstream players, I mean, between us, we have what 30-35% of the market. And in the developed markets, I would say that probably in, in North America I would reckon that we would have maybe about, let's say, I'm talking about the mainstream players, we would be about, let's say 60-40. 40 by us and 60 to the to our other competitors. And the Europe will be I would say slightly more, maybe again, 65-35, because they are they are based out of that region. So that's how I would put the market share between the two top competitors in these two markets.

Ashish Kothi

So, does that mean that all IT providers in the telecom sectors are facing the same problem what you are facing in developing revenue?

Vinod Kumar

Look, I think we are a product company. We're not a services company. So, I think that dynamic is there. So, the product companies we look at, we are one of the product companies from this part of the world who is got a very good market share global market share and a global presence, a product company telecom product company from the country. We have got a reasonable coverage across North America and Europe and compared with any other provider from this part of the world.

Ashish Kothi

And switching from a license to subscription model and that should stabilize it would take another two years, more?

Vinod Kumar

We will take two years to convert all our existing customers into that model. But as I said, all new implementations that we are having, it's on our HyperSense subscription models. So, you will see that starting Q3 onwards, most of our revenue, let's say the bulk of our revenue, new revenues will be on subscription model. So that's not to say that every customer of ours will be converted, we have about 250 installation, so it's not possible for us to upgrade everybody to subscription model, it will take time, but most of our revenues will move into subscription model. Starting Q3.

Ashish Kothi

Starting from?

Vinod Kumar

Starting Q3, starting Q2-Q3, quarter is where most of our old platform-based implementations are coming to an end.

Ashish Kothi

So, if I say sir, that one year license fee agreement license fee gets distributed, for how many years in the subscription base.

Vinod Kumar

Well, it's not as straight calculation like that, but you could argue, I mean, I gave the example of this one contract where we just announced for three and a half million dollars and three and a half million dollars, we would have recognized bulk of it over 12 to 18 months' time that is getting spread over five years. So, that's impact that we are talking about.

Ashish Kothi

So, basically, a revenue stream of two years is getting distributed in five years or six years.

Vinod Kumar

More or less, on an average you could say that. yeah

Ashish Kothi

So, unless and until more number of clients more deals are cracked, increase the revenue numbers in the next two to three quarters.

Vinod Kumar

Yes, but we also have the ability to move more additional use cases on top of this platform right. So, the platform we are moving into this model not because of our existing with this new Hyper Sense we have, we have now the ability to reach many other parts of the organization which we could not do that with the earlier platform. So, while it is true that if you talk about fraud management or revenue assurance, the one year or the or the 18 months revenues getting spread into five years, but this also gives us the opportunity for us to get more use cases on top of this platform, which was not the case earlier.

So, today, we are talking about the CMO CTO many other parts of organizations to bring other than use cases on top of the platform and based on the compute of the platform we will start generating additional revenue from an existing customers which was not the case earlier.

Ashish Kothi

So, I had asked couple of conference call back about each categories of product which we are venturing into the new products, you had talked about the market size, but about the possible world competition, because we are into the international market. So, who are the major competitors to us in this products, new products. You had said that you will share after a couple of quarters but that is not coming, we need to know as to whom are we pitted against.

Vinod Kumar

Right Okay look, I think we are providing the individual product categories in the investor deck. I think that with respect to the I request you to kindly if you can just share this with the Investor Relationship, we will provide you the category wise competition please. So, in the investor that we have provided that product categories that we are working, of course, the competition is not something that is covered, but if you can just send a note to our Investor Relations, which will provide you that information,

Ashish Kothi

Because I suppose that will give a very clear picture as to where do we stand and what are our chances of gaining more market share.

Vinod Kumar

Sure of course, you can. I mean if it is helpful for you kindly send a note to investorrelations@subex.com and we will provide you the clarification on that.

Ashish Kothi

Okay. Thanks for your time, sir. Thank you.

Vinod Kumar

Okay.

Moderator

Thank you, Sir, the next question comes from Ramesh Pillai an individual investor. Please go ahead.

Ramesh Pillai

Hey, hi, just two, questions. One is specifically around the updates provided for IDCentral. So over there, the revenue it reflects 0 USD, so the query is that more of a POC around the last year, which was provided and second, the API was we see a drastic reduction of 4 million to 1.6. So, did we lose any customers? These are the two.

Vinod Kumar

Okay, so I think I clarified multiple times on API pulls. The API pulls came down on account of, we are catering to several crypto customers and there was a reduction in the activity from our crypto customers and therefore the API pull came down. I think with respect to the revenue, I think we are talking about the revenue or revenue is listed quarter one. So, it's not that it's zero revenue. And so, it is the first shot in the investor, that slide provides the details of the revenue. So, we have most of the customers are, I mean, all the customers listed are revenue base customers or commercial engagements at the end.

Ramesh Pillai

Okay, maybe again, it's a typo because it's 0 USD. One last suggestion, can we have in the investor deck that everything's in streamlined as an USD & INR is getting used interchangeably. So can we keep it normalized, just a suggestion.

Vinod Kumar

Sure, we will normalize it to one currency just on that revenue. It is 000. It is said that the numbers indicated are in 1000s. So that's how it is mentioned.

Ramesh Pillai

Understood. Thanks.

Moderator

Thank you. Sir, ladies and gentlemen, that would be the last question for the day. I now like to handle the floor to the management for closing comments over to you Sir,

Vinod Kumar

Thank you all for taking time for attending this call and your continued interest in Subex. You can always reach out to us at investorrelations@subex.com If you need any further clarification. Thank you stay safe and take care.

Moderator

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

Note: 1. This document has been edited to improve readability