

Subex Limited
Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 037
Statement of Standalone Unaudited Results for the quarter and nine months ended December 31, 2016

(₹ in Lakhs)

Particulars	Standalone				
	3 months ended December 31,	Preceding 3 months ended September 30,	Corresponding 3 months ended December 31,	Year to date figures for the nine months ended December 31,	
	2016	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited (refer note 3)	Unaudited	Unaudited (refer note 3)
1 Income from operations					
Net sales/ income from operations	8,690	7,505	7,618	23,868	21,301
Total income from operations (net)	8,690	7,505	7,618	23,868	21,301
2 Expenses					
(a) Cost of hardware, software and support charges	179	28	52	272	108
(b) Employee benefits expense (refer note 9)	2,160	2,133	1,768	6,282	5,794
(c) Marketing and allied service charges	2,926	2,922	2,979	9,075	8,461
(d) Other expenditure	1,718	1,697	1,222	4,979	4,168
(e) Depreciation and amortisation expense	69	67	67	201	199
(f) Exchange fluctuation (gain)/loss (net)	(86)	185	(135)	95	1,348
Total expenses	6,966	7,032	5,953	20,904	20,078
3 Profit from operations before other income and finance costs (1-2)	1,724	473	1,665	2,964	1,223
4 Other income (refer note 5)	389	261	64	868	236
5 Profit from ordinary activities before finance costs (3+4)	2,113	734	1,729	3,832	1,459
6 Finance costs					
(a) Interest on FCCBs	126	128	905	388	3,268
(b) Other finance costs	224	205	365	634	977
Total finance costs	350	333	1,270	1,022	4,245
7 Profit/(loss) from ordinary activities before tax (5-6)	1,763	401	459	2,810	(2,786)
8 Tax expense (net)	51	80	169	140	517
9 Net profit/ (loss) for the period (7-8)	1,712	321	290	2,670	(3,303)
10 Other comprehensive income, net of taxes	(29)	(57)	(1)	(87)	(3)
11 Total comprehensive income (9+10)	1,683	264	289	2,583	(3,306)
12 Paid up share capital (face value of ₹ 10)	50,691	50,691	42,175	50,691	42,175
13 Earnings/(loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):					
(a) - Basic	0.34	0.06	0.09	0.53	(1.34)
(b) - Diluted	0.34	0.06	0.09	0.53	(1.34)



- Notes:**
- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on February 03, 2017.
- 2 The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS") 34 on Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
- The Company has opted to avail relaxation provided by SEBI vide the aforesaid circular dated July 5, 2016 in respect of disclosure requirements for corresponding figures of earlier periods. Accordingly, the financial results for the year ended March 31, 2016 has not been presented. The reserves (excluding revaluation reserve), as per the balance sheet of the previous accounting year not being mandatory, have not been presented.
- 3 Consequent to transition from the Previous GAAP to Ind AS, the reconciliation of profit/loss after tax is provided below for the corresponding 3 months ended December 31, 2015 and year to date figures ('YTD') for the nine months ended December 31, 2015:

(₹ in Lakhs)		
Particulars	Corresponding 3 months ended December 31, 2015	YTD nine months ended December 31, 2015
Net profit under previous GAAP	5,952	7,647
Add/(less): Ind-AS adjustments income/(loss):		
(i) Measurement of Foreign Currency Convertible Bonds ('FCCBs') at fair value		
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares	(5,165)	(8,926)
(b) Impact on foreign exchange due to change in carrying value of FCCBs and related account balances and transfer of exchange gain to retained earnings on conversion of FCCBs into equity shares	(482)	(1,428)
(ii) Provision for expected credit loss	(95)	(641)
(iii) Impact of deferral of revenue pertaining to free support services	69	48
(iv) Others (net)	11	(3)
Net profit/(loss) after tax as per Ind-AS	290	(3,303)

- 4 The face value and fair value of FCCBs outstanding as at December 31, 2016 is as follows:

Particulars	Face value		Fair value	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	1.00	679	1.35	917
FCCBs II	1.40	951	1.99	1,352
FCCBs III	3.60	2,445	3.43	2,330
Total	6.00	4,075	6.77	4,599

The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.73 Million i.e. ₹ 495 Lakhs in respect of outstanding FCCBs III with face value of US\$ 3.60 Million for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.

- 5 The Company had remitted the withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1.025 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, are recoverable from income tax department and/or are adjustable against its other withholding taxes obligations. Accordingly, the Company has revised the returns of withholding taxes and adjusted withholding taxes of ₹ 377 Lakhs during the quarter ended December 31, 2016 (quarter ended September 30, 2016 and December 31, 2015 amounting to ₹ 250 Lakhs and ₹ Nil, respectively and that for the nine months ended December 31, 2016 and December 31, 2015 amounting to ₹ 832 Lakhs and ₹ Nil, respectively.) on salary, professional services and others by write back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.
- 6 During the year ended March 31, 2016, the Company assessed the carrying value of its investment in its wholly owned subsidiary viz., Subex Americas Inc., of ₹ 12,496 Lakhs. Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company made a provision of ₹ 5,490 Lakhs towards diminution, other than temporary, in the carrying value of its investment in the said subsidiary. There is no change in the management's assessment as regards aforementioned carrying value of its investment as at December 31, 2016 and in view of the management, no further provision for diminution, other than temporary, is considered necessary as at December 31, 2016.
- 7 As at December 31, 2016, the Company has trade receivables of ₹ 41,901 Lakhs (net of provision for doubtful debts of ₹ 11,351 Lakhs) from its subsidiaries and trade payables of ₹ 43,775 Lakhs to its subsidiaries. Management is in the process of filing necessary application with the Reserve Bank of India ('RBI') for settlement of these balances by setting off aforesaid trade payables against trade receivables. Pending filing of application with RBI and requisite approval from RBI, no adjustments have been made in these financial results. The statutory auditors have qualified their Limited Review Report in this regard.
- 8 During the year ended March 31, 2016, the Company assessed the carrying value of its investment in its wholly owned subsidiary viz., Subex (UK) Limited, of ₹ 64,739 Lakhs. Considering the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management was of the view that, the carrying value of its aforesaid investment in Subex (UK) Limited as at March 31, 2016 was appropriate. There is no change in the management's assessment as regards aforementioned carrying value of investment as at December 31, 2016.
- 9 Employee benefits expenses for the quarters ended December 31, 2016, September 30, 2016 and December 31, 2015 is net of reversal of provision no longer required, in respect of employee incentives, amounting to ₹ Nil, ₹ Nil and ₹ 273 Lakhs, respectively and that for the nine months ended December 31, 2016 and December 31, 2015 amounting to ₹ Nil and ₹ 351 Lakhs, respectively.
- 10 The Company is engaged in the business of software products and related services. These, in the context of Ind-AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.
- 11 Previous period figures have been regrouped/ reclassified, wherever necessary to confirm to current period's classification.

Mumbai
Date: February 03, 2017



Surjeet Singh
Managing Director & CEO

For further details on the results, please visit our website: www.subex.com