

Subex Limited Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 037 Statement of Standalone Unaudited Results for the quarter ended June 30, 2016			
PART I		(₹ in Lakhs)	
	Particulars	Standalone	
		3 months ended June 30, 2016	Corresponding 3 months ended June 30, 2015
		Unaudited	Notes 2 & 3
1	Income from operations		
	Net sales/ income from operations	7,673	6,416
	Total income from operations (net)	7,673	6,416
2	Expenses		
(a)	Cost of hardware, software and support charges	65	3
(b)	Employee benefits expense	1,989	1,967
(c)	Marketing and allied service charges	3,227	2,821
(d)	Other expenditure	1,564	1,169
(e)	Depreciation and amortisation expense	65	66
(f)	Exchange fluctuation (gain)/loss (net)	(4)	600
	Total expenses	6,906	6,626
3	Profit/(loss) from operations before other income and finance costs (1-2)	767	(210)
4	Other income (refer note 5)	218	96
5	Profit/(loss) from ordinary activities before finance costs (3+4)	985	(114)
6	Finance costs		
(a)	Interest on FCCBs (net)	134	1,297
(b)	Other finance costs	205	300
	Total finance costs	339	1,597
7	Profit/(loss) from ordinary activities before tax (5-6)	646	(1,711)
8	Tax expense (net)	9	50
9	Net Profit/ (loss) for the period (7-8)	637	(1,761)
10	Other comprehensive income, net of taxes	(1)	(1)
11	Total comprehensive income (9+10)	636	(1,762)
12	Paid up share capital [face value of ₹ 10 (March 31, 2016: ₹ 10)]	50,475	19,891
13	Earnings/(loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):		
(a)	- Basic	0.13	(0.90)
(b)	- Diluted	0.13	(0.90)



Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on September 12, 2016.
- 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 figures for the quarter and year ended March 31, 2016 have 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.
- The Results for the quarter ended June 30, 2015 have not been subjected to limited review or audit. However, the management has exercised necessary diligence to ensure that the financial results for the quarter ended June 30, 2015 provide a true and fair view of the Company's affairs.
- 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 June 30, 2015.

(₹ in Lakhs)

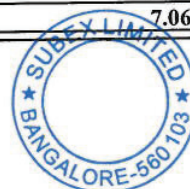
Particulars	Corresponding 3 months ended June 30, 2015
	Notes 2 & 3
Net profit under previous GAAP	397
Add/(less): Ind-AS adjustments income/(loss):	
(i) Measurement of Foreign Currency Convertible Bonds ('FCCBs') at fair value	
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares	(1,772)
(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	(347)
(ii) Provision for expected credit loss	(19)
(iii) Deferral of revenue pertaining to free support services	(14)
(iv) Others (net)	(6)
Net loss after tax as per Ind-AS	(1,761)

- 4 (a) The Board in its meeting held on May 14, 2015, approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹ 22.79 to ₹ 13.00 per equity share. Subsequently, the reset of the conversion price have been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015, approved August 26, 2015 as the effective date of reset of conversion price of ₹ 13.00 per share.
- (b) As at March 31, 2015, the Company had outstanding FCCBs III with face value of US\$ 81.53 million, out of which FCCBs III with face value of US\$ 77.43 million have been converted till the quarter ended June 30, 2016 as detailed below:

Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares
2015-16	76.98	₹ 56.0545	₹ 22.79/ ₹ 13.00	319,889,071
2016-17				
Quarter ended June 30, 2016	0.45	₹ 56.0545	₹ 13.00	1,940,348

(c) The face value and fair value of FCCBs outstanding as at June 30, 2016 is as follows:

Particulars	Face value		Fair value	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	1.00	675	1.29	870
FCCBs II	1.40	945	1.92	1,297
FCCBs III	4.10	2,769	3.85	2,602
Total	6.50	4,389	7.06	4,769



As a result of reset in conversion price of FCCBs III, the said bonds with outstanding face value of US\$ 4.10 Million as at June 30, 2016 would potentially be converted into 17,678,727 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13.00 per equity share.

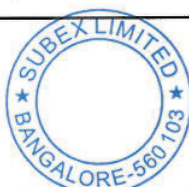
Subsequent to June 30, 2016, conversion requests from the bondholders of FCCBs III with face value amounting to US\$ 0.50 Million have been approved by the Board of Directors in the Board meeting dated July 4, 2016, and these FCCBs have been converted into 2,155,942 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13.00 per equity share.

(d) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.83 Million (fair value of US\$ 0.79 Million), i.e. ₹ 561 Lakhs (fair value of ₹ 536 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 4.10 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 in respect of FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,023 Lakhs upto June 30, 2016. Pursuant to the conversion of FCCBs III into equity shares of the Company, the interest accrued but not due is considered no longer payable. 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, withholding taxes of ₹ 205 Lakhs as at March 31, 2016 on salary, professional services and others have not been paid and such liability has been adjusted during the quarter, against the write back of withholding taxes on interest on FCCBs paid earlier, on completion of revision of withholding taxes returns for the earlier periods and is included in 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 June 30, 2016 and in view of the management, no further provision for diminution, other than temporary, is considered necessary as at June 30, 2016.
- 7 As at June 30, 2016, the Company has trade receivables of ₹ 41,971 Lakhs (net of provision for doubtful debts of ₹ 11,351 Lakhs) from its subsidiaries and trade payables of ₹ 44,644 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. This is an 'Emphasis of Matter' in the Limited Review Report of the Statutory Auditors on the Unaudited Standalone Results.
- 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 June 30, 2016.
- 9 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.
- 10 Previous period figures have been regrouped/ reclassified, wherever necessary to confirm to current period's classification.

Bengaluru

Date: September 12, 2016



Surjeet Singh
Managing Director & CEO

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

Subex Limited Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 037 Statement of Consolidated Unaudited Results for the quarter ended June 30, 2016			
PART I			
	Particulars	Consolidated	
		3 months ended June 30, 2016	Corresponding 3 months ended June 30, 2015
		Unaudited	Notes 3 & 4
1	Income from operations		
	Net sales/ income from operations	8,334	7,337
	Total income from operations (net)	8,334	7,337
2	Expenses		
(a)	Cost of hardware, software and support charges (refer note 9)	252	19
(b)	Employee benefits expense	4,067	4,139
(c)	Other expenditure	2,466	2,167
(d)	Depreciation and amortisation expense	112	102
(e)	Exchange fluctuation (gain)/loss (net)	(818)	1,523
	Total expenses	6,079	7,950
3	Profit/(loss) from operations before other income and finance costs (1-2)	2,255	(613)
4	Other income (refer note 6)	229	53
5	Profit/(loss) from ordinary activities before finance costs (3+4)	2,484	(560)
6	Finance costs		
(a)	Interest on FCCBs (net)	134	1,297
(b)	Interest on term loan	201	231
(c)	Other finance costs	223	320
	Total finance costs	558	1,848
7	Profit/(loss) from ordinary activities before tax (5-6)	1,926	(2,408)
8	Tax expense (net)	108	200
9	Net Profit/ (loss) for the period (7-8)	1,818	(2,608)
10	Other comprehensive income, net of taxes	(846)	537
11	Total comprehensive income (9+10)	972	(2,071)
12	Paid up share capital [face value of ₹ 10 (March 31, 2016: ₹ 10)]	50,475	19,891
13	Earnings/(loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):		
(a)	- Basic	0.36	(1.33)
(b)	- Diluted	0.36	(1.33)



Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on September 12, 2016.

- 2 The financial results of Subex Limited (Standalone Information):

(₹ in Lakhs)

Particulars	3 months ended June 30, 2016	Corresponding 3 months ended June 30, 2015
	Unaudited	Notes 3 & 4
Net sales/ income from operations	7,673	6,416
Profit/(loss) from ordinary activities before tax	646	(1,711)
Profit/(loss) from ordinary activities after tax	637	(1,761)

- 3 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 figures for the quarter and year ended March 31, 2016 have 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.

The Results for the quarter ended June 30, 2015 have not been subjected to limited review or audit. However, the management has exercised necessary diligence to ensure that the financial results for the quarter ended June 30, 2015 provide a true and fair view of the Company's affairs.

- 4 Consequent to transition from the Previous GAAP to Ind AS, the reconciliation of loss after tax is provided below for the corresponding 3 months ended June 30, 2015.

(₹ in Lakhs)

Particulars	Corresponding 3 months ended June 30, 2015
	Notes 3 & 4
Net loss under previous GAAP	(475)
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	(1,772)
(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	(347)
(ii) Deferral of revenue pertaining to free support services	(14)
(iii) Others (net)	-
Net loss after tax as per Ind-AS	(2,608)

- 5 (a) The Board in its meeting held on May 14, 2015, approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹ 22.79 to ₹ 13.00 per equity share. Subsequently, the reset of the conversion price have been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015, approved August 26, 2015 as the effective date of reset of conversion price of ₹ 13.00 per share.

(b) As at March 31, 2015, the Company had outstanding FCCBs III with face value of US\$ 81.53 Million, out of which FCCBs III with face value of US\$ 77.43 Million have been converted till the quarter ended June 30, 2016 as detailed below:

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Quarter ended June 30, 2016	0.45	₹ 56.0545	₹ 13.00	1,940,348



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Particulars	Face value		Fair value	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
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FCCBs III	4.10	2,769	3.85	2,602
Total	6.50	4,389	7.06	4,769

As a result of reset in conversion price of FCCBs III, the said bonds with outstanding face value of US\$ 4.10 Million as at June 30, 2016 would potentially be converted into 17,678,727 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13.00 per equity share.

Subsequent to June 30, 2016, conversion requests from the bondholders of FCCBs III with face value amounting to US\$ 0.50 Million have been approved by the Board of Directors in the Board meeting dated July 4, 2016, and these FCCBs have been converted into 2,155,942 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13.00 per equity share.

(d) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.83 Million (fair value of US\$ 0.79 Million), i.e. ₹ 561 Lakhs (fair value of ₹ 536 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 4.10 Million for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.

- 6 The Company had remitted the withholding taxes in respect of FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,023 Lakhs upto June 30, 2016. Pursuant to the conversion of FCCBs III into equity shares of the Company, the interest accrued but not due is considered no longer payable. 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, withholding taxes of ₹ 205 Lakhs as at March 31, 2016 on salary, professional services and others have not been paid and such liability has been adjusted during the quarter, against the write back of withholding taxes on interest on FCCBs paid earlier, on completion of revision of withholding taxes returns for the earlier periods and is included in other income.
- 7 During the year ended March 31, 2016, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex Americas Inc., amounting to ₹ 18,606 Lakhs. Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company made an impairment provision of ₹ 8,870 Lakhs during the year ended March 31, 2016 towards the carrying value of goodwill relating to its investment in the said subsidiary. There is no change in the management's assessment as regards aforementioned carrying value of goodwill as at June 30, 2016 and in view of the management, no further provision for diminution is considered necessary as at June 30, 2016.
- 8 During the year ended March 31, 2016, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex (UK) Limited, amounting to ₹ 67,036 Lakhs. Based on the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management was of the view that, the aforesaid carrying value of goodwill as at March 31, 2016 relating to its investment in the said subsidiary was appropriate. There is no change in the management's assessment as regards aforementioned carrying value of goodwill as at June 30, 2016.
- 9 Cost of hardware, software and support charges for the quarter ended June 30, 2016 and June 30, 2015 is net of reversal of provision no longer required, amounting to ₹ Nil and ₹ 173 Lakhs, respectively.
- 10 Pursuant to the approval of the Board of Directors, the Company has discontinued the operations of two of its subsidiaries with effect from April 01, 2013. The details of unaudited results of the discontinued businesses consolidated in the above results are as follows:

Particulars	(₹ in Lakhs)	
	3 months ended June 30, 2016	Corresponding 3 months ended June 30, 2015
	Unaudited	Notes 3 & 4
Total income	-	-
(Loss)/ Profit before tax	(1)	(1)
Profit/ (Loss) after tax	54	(1)

- 11 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.
- 12 Previous period figures have been regrouped/ reclassified, wherever necessary to confirm to current period's classification.
- 13 Pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has opted to publish the consolidated financial results. The standalone financial results, however, are being made available to the Stock Exchanges where the securities of the Company are listed and are also being posted on the Company's website www.subex.com.

Bengaluru
Date: September 12, 2016



Surjeet Singh
Managing Director & CEO

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