

SUBEX LIMITED

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 037

Statement of Consolidated Audited Results for the quarter and year ended March 31, 2016

PART I							(₹ in Lakhs unless otherwise stated)	
Particulars	Consolidated						Previous year ended March 31,	
	3 months ended March 31,		Corresponding 3 months ended March 31,		Current year ended March 31,			
	2016 Audited (refer note 11)	2015 Unaudited	2015 Audited (refer note 11)	2016 Audited	2015 Audited			
1	Income from operations Net sales/ income from operations	8,947	8,083	11,216	32,335	35,983	35,983	
	Total income from operations (net)	8,947	8,083	11,216	32,335	35,983		
2	Expenses							
(a)	Cost of hardware, software and support charges (refer note 6)	(138)	84	1,155	42	1,664	1,664	
(b)	Employee benefits expense and sub- contract charges (refer note 7)	4,677	4,127	3,439	17,625	16,376	16,376	
(c)	Other expenditure (refer note 8)	1,659	2,115	2,652	7,421	8,685	8,685	
(d)	Depreciation and amortisation expense	110	110	93	427	402	402	
(e)	Exchange fluctuation (gain)/loss (net)	(630)	(15)	812	827	1,250	1,250	
	Total expenses	5,678	6,421	8,151	26,342	28,377	28,377	
3	Profit from operations before other income, finance costs and exceptional items (1-2)	3,269	1,662	3,065	5,993	7,606		
4	Other income	63	14	60	121	97	97	
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	3,332	1,676	3,125	6,114	7,703		
6	Finance costs							
(a)	Interest on FCCBs (net)	293	484	839	2,276	3,352	3,352	
(b)	Interest on term loan	254	245	219	974	850	850	
(c)	Other finance costs	383	375	435	1,394	1,902	1,902	
	Total finance costs	930	1,104	1,493	4,644	6,104		
7	Profit from ordinary activities before exceptional items and tax (5-6)	2,402	572	1,632	1,470	1,599		
8	Exceptional items (net) (refer note 4)	(3,367)	5,620	-	5,675	-	-	
9	(Loss)/ profit from ordinary activities before tax (7+8)	(965)	6,192	1,632	7,145	1,599		
10	Tax expense (net)	186	254	187	1,273	578	578	
11	Net (loss)/ profit for the period/year (9-10)	(1,151)	5,938	1,445	5,872	1,021		
12	Paid up equity share capital (face value of ₹ 10 (March 31, 2015: ₹ 10)	50,281	42,175	18,292	50,281	18,292	18,292	
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	22,419	2,612	2,612	
14	Earnings/(Loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):							
(a)	- Basic	(0.27)	1.82	0.84	2.02	0.59	0.59	
(b)	- Diluted	(0.27)	1.31	0.84	2.02	0.59	0.59	

Statement of consolidated assets and liabilities			
Particulars		(₹ in Lakhs)	
		As at March 31, 2016	As at March 31, 2015
		Audited	Audited
A	Equity and liabilities		
1	Shareholders' funds		
(a)	Share capital	50,281	18,292
(b)	Reserves and surplus	22,419	2,612
	Sub-total - Shareholders' funds (a+b)	72,700	20,904
2	Non-current liabilities		
(a)	Long-term borrowings	4,340	57,769
(b)	Other long-term liabilities	610	9,320
(c)	Long-term provisions	295	320
	Sub-total - Non-current liabilities (a+b+c)	5,245	67,409
3	Current liabilities		
(a)	Short-term borrowings	10,396	12,507
(b)	Trade payables - other than acceptances	1,677	3,414
(c)	Other current liabilities	12,851	7,059
(d)	Short-term provisions	1,431	827
	Sub-total - Current liabilities (a+b+c+d)	26,355	23,807
	TOTAL - EQUITY AND LIABILITIES (1+2+3)	104,300	112,120
B	Assets		
1	Non-current assets		
(a)	Fixed assets	730	818
(b)	Goodwill on consolidation (refer note 5)	76,772	85,642
(c)	Long-term loans and advances	2,941	2,983
(d)	Other non-current assets	239	752
	Sub-total - Non-current assets (a+b+c+d)	80,682	90,195
2	Current assets		
(a)	Trade receivables	11,148	10,860
(b)	Cash and cash equivalents	8,600	4,918
(c)	Short-term loans and advances	1,169	869
(d)	Other current assets	2,701	5,278
	Sub-total - Current assets (a+b+c+d)	23,618	21,925
	TOTAL - ASSETS (1+2)	104,300	112,120

Notes :							
1	The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 24, 2016.						
2	The Financial Results of Subex Limited (Standalone Information):						
	Particulars	3 months ended March 31, 2016	Preceding 3 months ended December 31, 2015	Corresponding 3 months ended March 31, 2015	Current year ended March 31, 2016	Previous year ended March 31, 2015	(₹ in Lakhs)
		Audited (refer note 11)	Unaudited	Audited (refer note 11)	Audited	Audited	
	Net sales/ income from operations	8,286	7,634	9,526	29,624	30,567	
	Profit/(Loss) from ordinary activities before tax	(20,826)	6,121	271	(12,661)	(2,685)	
	Profit/(Loss) from ordinary activities after tax	(20,843)	5,952	221	(13,195)	(2,840)	
3	(a) Pursuant to the approval of the holders of "US\$ 180 Million 2% convertible unsecured bonds", [of which US\$ 39 Million was outstanding ("FCCBs I")] and "US\$ 98.7 Million 5% convertible unsecured bonds", [of which US\$ 54.8 Million was outstanding ("FCCBs II")], at their respective meetings held on July 05, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US\$ 38 Million out of FCCBs I and US\$ 53.4 Million out of FCCBs II offered their bonds for exchange. Consequently, secured bonds with a face value of US\$ 127.721 Million ("FCCBs III") were issued with maturity date of July 07, 2017, having an interest rate of 5.70% p.a. payable semi-annually, an exchange rate for conversion of ₹ 56.0545/US\$ and an equity conversion price of ₹ 22.79 per equity share. In accordance with the terms of FCCBs III, principal amount of US\$ 36.321 Million was mandatorily converted into equity shares at the aforesaid conversion price on July 07, 2012. Further, pursuant to the approval of the Reserve Bank of India dated April 27, 2012 and requisite approvals of the bond holders, the maturity period of the un-exchanged portion of FCCBs I of US\$ 1 Million and FCCBs II of US\$ 1.4 Million stands extended to March 09, 2017, with its other terms and conditions remaining unchanged.						
	(b) The Board in its meeting held on May 14, 2015 has 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 has 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 has approved August 26, 2015 as the effective date of reset of conversion price of ₹ 13 per share.						
	As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US\$ 4.55 Million as at March 31, 2016 would potentially be converted into 19,619,075 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13 per equity share. Subsequent to balance sheet date, conversion requests from the bondholders of FCCBs III amounting to US\$ 0.45 Million have been received by the Company, which have been approved by the Board of Directors in the Board meeting dated April 28, 2016, and allotted 1,940,348 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13 per equity share.						
	(c) (i) Of the outstanding FCCBs III of US\$ 91.40 Million as of July 2012, US\$ 86.85 Million have been converted till the quarter and year ended March 31, 2016 as detailed below:						
	Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares		
	2012-13	3.25	₹ 56.0545	₹ 22.79	7,993,931		
	2014-15	6.62	₹ 56.0545	₹ 22.79	16,282,613		
	2015-16	76.98	₹ 56.0545	₹ 22.79/ ₹ 13.00	319,889,071		
	Quarter wise details for the financial year 2015-16:						
	Quarter ended June 30, 2015	6.50	₹ 56.0545	₹ 22.79	15,987,461		
	Quarter ended September 30, 2015	15.10	₹ 56.0545	₹ 13.00	65,109,454		
	Quarter ended December 31, 2015	36.58	₹ 56.0545	₹ 13.00	157,728,731		
	Quarter ended March 31, 2016	18.80	₹ 56.0545	₹ 13.00	81,063,425		
	(c)(ii) The face value of FCCBs outstanding as on March 31, 2016 is as follows:						
	Particulars	US\$ Million	₹ in Lakhs				
	FCCBs I	1.00	663				
	FCCBs II	1.40	928				
	FCCBs III	4.55	3,015				
	Total	6.95	4,606				
	(d) The FCCB bond holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.92 Million (₹ 610.48 Lakhs) in respect of outstanding FCCBs III of USD 4.55 Million for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017. Accordingly, interest on FCCBs III included under finance costs in the above results to the extent of above deferrals is due for payment on July 07, 2017.						

4	Exceptional items:	Particulars	3 months ended	Preceding 3 months	Corresponding 3	Current year ended	Previous year ended
			March 31, 2016 Audited (refer note 11)	ended December 31, 2015 Unaudited	months ended March 31, 2015 Audited (refer note 11)	March 31, 2016 Audited	March 31, 2015 Audited
4		i. FCCBs					
		Reversal of interest accrued but not due pertaining to converted FCCBs (refer note 4(i)(a))	2,774	4,744	-	10,416	-
		Foreign exchange gain on FCCBs conversion (net) (refer note 4(i)(b))	759	876	-	2,159	-
		Others	3,533	5,620	-	12,575	-
		ii. Reversal of interest accrued but not due pertaining to Term Loans (refer note 4(ii))	1,970	-	-	1,970	-
5		iii. Loss on Impairment of goodwill (refer note 4(iii))	(8,870)	-	-	(8,870)	-
		Total	(3,367)	5,620	-	5,675	-
5		(i)(a) Interest accrued but not due pertaining to FCCBs III converted during the current year has been written back as the same is considered no longer payable due to the conversion of FCCBs III into equity shares of the Company.					
		(i)(b) FCCBs III have been converted into equity shares at an exchange rate of ₹ 56.0545/US\$ as per the FCCBs trust deed, as against the closing rate on the date of conversion (in the range of ₹ 60 - ₹ 66) resulting in foreign exchange gain on conversion. Further, the Foreign Currency Monetary Item Translation Difference Account ('FCMITD') balance pertaining to FCCBs III converted into equity shares, has been charged off in the statement of profit and loss for the quarter and year ended March 31, 2016 on the date of conversion.					
5		(ii) During the quarter ended March 31, 2016, certain lenders of term loans have waived interest liability outstanding till March 26, 2016 and interest liability accruing thereafter upto August 22, 2016, pursuant to the interest waiver agreement dated March 26, 2016 subject to the fulfilment of certain conditions. Consequent to fulfilment of such conditions, the accrued interest of US\$ 2.9 Million (₹ 1,970 Lakhs) on outstanding term loan balance of US\$ 12 Million (₹ 7,951 Lakhs) as at March 31, 2016 has been written back, as the same is no longer payable. Further, pursuant to the aforesaid agreement, the interest rate has been revised from the existing interest rate of 10.5% per annum to 5% per annum, effective August 22, 2016.					
		(iii) As at March 31, 2016, the Company has 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 has made an impairment provision of ₹ 8,870 Lakhs towards the carrying value of goodwill relating to its investment in the said subsidiary.					
5		As at March 31, 2016, the Company has 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 is of the view that, the aforesaid carrying value of goodwill as at March 31, 2016 relating to its investment in the said subsidiary is appropriate.					
6		Cost of hardware, software and support charges for the quarter ended March 31, 2016, December 31, 2015 and March 31, 2015 is net of reversal of provision no longer required, amounting to ₹ 213 Lakhs, ₹ Nil and ₹ Nil, respectively and that for the year ended March 31, 2016 and March 31, 2015 amounting to ₹ 386 Lakhs and ₹ Nil, respectively.					
7		Employee benefits expense and sub-contract charges for the quarters ended March 31, 2016, December 31, 2015 and March 31, 2015 are net of reversal of provision no longer required, in respect of employee incentives, amounting to ₹ 192 Lakhs, ₹ 420 Lakhs, and ₹ 904 Lakhs, respectively and that for the year ended March 31, 2016 and March 31, 2015 amounting to ₹ 1,065 Lakhs and ₹ 1,191 Lakhs, respectively.					
8		Other expenditure for the quarter ended March 31, 2016, December 31, 2015 and March 31, 2015 is net of reversal of provision no longer required, in respect of commission on sales, amounting to ₹ 68 Lakhs, ₹ 146 Lakhs and ₹ Nil, respectively and that for the year ended March 31, 2016 and March 31, 2015 amounting to ₹ 214 Lakhs, and ₹ Nil, respectively.					

