

SUBEX AZURE LIMITED

(Formerly Subex Systems Ltd)

Registered office: 721, 7th Main, Mahalaxmi Layout
Bangalore - 560 086

Corporate Office: No.372, Koramangala III Block, Sarjapur Road, Bangalore - 560 034

Financial Results for the year ended 31st March, 2007

(Rs. In Millions)

	Consolidated Results of Operation					Standalone Results of Operation				
	Nine months Ended December	Quarter ended 31st March		For the year Ended 31st March		Nine months Ended December	Quarter ended 31st March		For the year Ended 31st March	
	2006	2007	2006	2007	2006	2006	2007	2006	2007	2006
	Unaudited	Unaudited		Unaudited	Audited	Unaudited	Unaudited		Audited	Audited
Sales - Product & Product related	1,709.14	578.53	313.34	2,287.67	1,166.82	842.63	159.84	313.34	1,002.47	1,166.82
- Services	818.30	303.04	181.12	1,121.34	647.52	816.22	299.93	180.42	1,116.15	645.34
- Total	2,527.44	881.57	494.46	3,409.01	1,814.34	1,658.85	459.77	493.76	2,118.62	1,812.16
Other Income	74.03	228.16	3.70	302.19	28.91	28.58	214.92	3.90	243.50	29.03
Expenditure										
- Cost of Hardware, Software & Services	96.11	16.13	62.29	112.24	132.86	90.58	20.28	17.55	110.86	132.85
- Personnel Cost	1,480.59	596.85	270.23	2,077.44	915.37	995.93	438.61	279.85	1,434.54	946.13
- Other Expenditure	369.82	211.30	17.00	581.12	228.58	128.67	89.93	49.17	218.60	187.19
- Provision for Doubtful Debts	75.00	75.63	15.00	150.63	35.58	75.00	75.00	15.00	150.00	35.58
- Interest	48.37	38.95	9.49	87.32	26.80	43.71	31.64	9.38	75.35	26.42
- Total	2,069.89	938.86	374.01	3,008.75	1,339.19	1,333.89	655.46	370.95	1,989.35	1,328.17
Profit after interest but before depreciation and taxation	531.58	170.87	124.15	702.45	504.06	353.54	19.23	126.71	372.77	513.02
Depreciation	89.34	36.50	24.25	125.84	92.30	81.45	32.22	23.94	113.67	90.79
Taxes										
Income Tax	45.24	24.99	14.60	70.23	34.90	41.87	24.33	13.98	66.20	32.77
MAT Credit Carried forward	-	(11.13)	-	(11.13)	-	-	(11.13)	-	(11.13)	-
Fringe Benefit Tax	3.25	1.86	0.52	5.11	2.13	3.06	1.83	0.48	4.89	1.89
Deferred Tax	(5.91)	(157.35)	4.45	(163.26)	(3.75)	(5.91)	(3.10)	4.26	(9.01)	(3.93)
Net Profit	399.66	276.00	80.33	675.66	378.48	233.07	(24.92)	84.05	208.15	391.50
Paid up Share Capital										
- Equity (Face value of Rs.10/-)	346.99	348.16	217.58	348.16	217.58	346.99	348.16	217.58	348.16	217.58
Reserves excluding revaluation reserves					1,592.68					1,597.75
Earnings per share - Basic - Not Annualised (Rs. Per share)	12.84	7.94	17.62	21.10	17.62	7.49	(0.72)	3.60	6.50	18.23
Earnings per share - Diluted - Not Annualised (Rs. Per share)	12.78	7.92	17.53	21.02	17.53	7.45	(0.71)	3.59	6.48	18.13
Aggregate of Public shareholding:*										
Number of shares	19,757,485	18,424,301	17,716,608	18,424,301	17,716,608	19,757,485	18,424,301	17,716,608	18,424,301	17,716,608
Percentage of holding (to total shareholding)	56.94%	52.92%	81.42%	52.92%	81.42%	56.94%	52.92%	81.42%	52.92%	81.42%

* Total public shareholding as defined under clause 40A of the listing agreement (excludes shares held by founders and GDR holders)

SEGMENTAL REPORTING:

(Rs. In Millions)

	Consolidated Results of Operation					Standalone Results of Operation				
	Nine months Ended December	Quarter ended 31st March		For the year Ended 31st March		Nine months Ended December	Quarter ended 31st March		For the year Ended 31st March	
	2006	2007	2006	2007	2006	2006	2007	2006	2007	2006
	Unaudited	Unaudited		Unaudited	Audited	Unaudited	Unaudited		Audited	Audited
1. Segmental Revenue:										
a. Products & Product related	1,709.14	578.53	313.34	2,287.67	1,166.82	842.63	159.84	313.34	1,002.47	1,166.82
b. Services	818.30	303.04	181.12	1,121.34	647.52	816.22	299.93	180.42	1,116.15	645.34
	2,527.44	881.57	494.46	3,409.01	1,814.34	1,658.85	459.77	493.76	2,118.62	1,812.16
2. Segmental Profit/(Loss) before tax, depreciation and Interest										
a. Products & Product related	534.95	(104.06)	130.71	430.89	497.44	328.22	(216.84)	132.04	111.38	521.44
b. Services	45.00	78.98	2.93	123.98	21.57	69.03	32.81	4.05	101.84	29.85
	579.95	(25.08)	133.64	554.87	519.01	397.25	(184.03)	136.09	213.22	551.29
Less: Interest	48.37	38.95	9.49	87.32	26.80	43.71	31.64	9.38	75.35	26.42
Add : Other Un-allocable Income net of un-allocable Expenditure		234.90		234.90	11.85		234.90		234.90	11.85
Less : Depreciation	89.34	36.50	24.25	125.84	92.30	81.45	32.22	23.94	113.67	90.79
Profit Before Taxation	442.24	134.37	99.90	576.61	411.76	272.09	(12.99)	102.77	259.10	422.23

Notes to standalone results:

- The above results were taken on record and approved by the Board of Directors in their meeting held on 30th April 2007.
- The previous year/period figures have been re-grouped and/or re-arranged to conform to the current quarter.
- The Board of Directors have proposed a final Dividend, subject to approval of the shareholders, of 20% (Rs.2.00/- per share) on the equity shares .
- The company has granted 222,300 options under its ESOP 2000 & ESOP 2005 schemes during the quarter ended 31st March 2007.
- During the quarter, the company has allotted 116,687 shares pursuant to exercise of options by eligible employees.
- The Company had signed a share purchase agreement for the acquisition of entire shareholding of Syndesis Ltd, Toronto, Canada in an all cash deal on 18th January 2007 for US\$ 164.50 million. The acquisition has since been closed in April 2007.
- The company has issued Foreign Currency convertible Bonds (FCCBs) amounting to US\$ 180 million in the quarter ended March 2007. The Bonds are convertible into equity shares at the option of the bondholders any time before maturity on 9th March 2012 at a price of Rs 656.20 per share. The bonds carry an initial coupon of 2% and are redeemable at a premium of 36.4% if not converted.
- During the quarter the company has recorded exchange fluctuation gains (net) of Rs 204.25 mio. This has arisen mainly on account of restatement of liability towards the above FCCBs.
- The acquisition of Azure Solutions has positioned the Company as a premier global provider of revenue maximization solutions to the telcos worldwide with long term, multi-elements contracts. This has resulted in the Company having to evolve common policies and practices across all its group companies worldwide. Consequently, some of the accounting policies have been realigned and adopted for all companies and divisions. The Revenues from contracts for sale of software licences in various entities, which were recognised at different periods, are being recognised, w.e.f 1st April 2006, over the contract period. Quantification of the impact of such change in policy in the current quarter and restating the earlier year/periods' results is not practicable given that such restatement would require the company to recompute revenue of prior periods, the supporting data for which is not available.
- Early adoption of the Accounting Standard 15 related to Employee Benefits, by the company in this financial year has resulted in an additional charge of Rs 9.20 mio for the year.
- Information on Investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31st March 2007 is :
Opening Balance - Nil, Received - Nil, Attended - Nil, Closing Balance - Nil
- Since fixed assets are used in the Company's business interchangeably, segment wise disclosure on capital employed has not been furnished.

Notes to consolidated results:

- The consolidated results have not been subjected to limited review by statutory auditors.
- The results were taken on record and approved by the Board of Directors in its meeting held on 30th April 2007.
- Results of operation for the quarter include Rs 154.40 mio on account of recognition of Deferred Tax asset in relation to brought forward unabsorbed losses in Subex Azure (UK) Ltd
- The Group has incurred costs amounting to Rs 69.13 mio on severance payments to employees in the UK subsidiary, out of which Rs. 46.17 mio has been carried forward for amortising over the period ending 31st march 2010 in terms of the transitional provisions of the Accounting standard 15.
- Pursuant to acquisition of Azure solutions Ltd on 22nd June 2006, the consolidated results for the periods thereafter include results of operation of the company's subsidiaries belonging to the erstwhile Azure Group, namely Subex Azure(UK) Ltd., Subex Azure Inc., Subex Azure (Asia Pacific) Pte Ltd., vis-a-vis earlier periods that include results of Subex Technology Ltd and Subex Technologies Inc only.

Certain statements in this release concerning our performance may be forward looking statements which involve risks and uncertainties that could cause actual results to vary materially from those in such statements. These risks and uncertainties include, and are not limited to, fluctuations in earnings, intense competition, success of investments and our ability to successfully integrate our acquisitions.

Bangalore
30th April 2007

By Order of the Board

Subash Menon
Founder Chairman, Managing Director & CEO

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