

**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
	<b>Total income from operations (net)</b>	<b>8,690</b>	<b>7,505</b>	<b>7,618</b>	<b>23,868</b>
2	Expenses				
(a)	Cost of hardware, software and support charges	179	28	52	272
(b)	Employee benefits expense (refer note 9)	2,160	2,133	1,768	6,282
(c)	Marketing and allied service charges	2,926	2,922	2,979	9,075
(d)	Other expenditure	1,718	1,697	1,222	4,979
(e)	Depreciation and amortisation expense	69	67	67	201
(f)	Exchange fluctuation (gain)/loss (net)	(86)	185	(135)	95
	<b>Total expenses</b>	<b>6,966</b>	<b>7,032</b>	<b>5,953</b>	<b>20,904</b>
3	<b>Profit from operations before other income and finance costs (1-2)</b>	<b>1,724</b>	<b>473</b>	<b>1,665</b>	<b>2,964</b>
4	Other income (refer note 5)	389	261	64	868
5	<b>Profit from ordinary activities before finance costs (3+4)</b>	<b>2,113</b>	<b>734</b>	<b>1,729</b>	<b>3,832</b>
6	Finance costs				
(a)	Interest on FCCBs	126	128	905	388
(b)	Other finance costs	224	205	365	634
	<b>Total finance costs</b>	<b>350</b>	<b>333</b>	<b>1,270</b>	<b>1,022</b>
7	<b>Profit/(loss) from ordinary activities before tax (5-6)</b>	<b>1,763</b>	<b>401</b>	<b>459</b>	<b>2,810</b>
8	Tax expense (net)	51	80	169	140
9	<b>Net profit/ (loss) for the period (7-8)</b>	<b>1,712</b>	<b>321</b>	<b>290</b>	<b>2,670</b>
10	Other comprehensive income, net of taxes	(29)	(57)	(1)	(87)
11	<b>Total comprehensive income (9+10)</b>	<b>1,683</b>	<b>264</b>	<b>289</b>	<b>2,583</b>
12	Paid up share capital (face value of ` 10)	50,691	50,691	42,175	50,691
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
(b)	- Diluted	0.34	0.06	0.09	0.53

<b>Notes:</b>					
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)				
	<b>Particulars</b>	<b>Corresponding 3 months ended December 31, 2015</b>		<b>YTD nine months ended December 31, 2015</b>	
	<b>Net profit under previous GAAP</b>	<b>5,952</b>		<b>7,647</b>	
	<b>Add/(less): Ind-AS adjustments income/(loss):</b>				
	(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)	
	<b>Net profit/(loss) after tax as per Ind-AS</b>	<b>290</b>		<b>(3,303)</b>	
4	The face value and fair value of FCCBs outstanding as at December 31, 2016 is as follows:				
		<b>Face value</b>		<b>Fair value</b>	
	<b>Particulars</b>	<b>US\$ Million</b>	<b>` in Lakhs</b>	<b>US\$ Million</b>	<b>` in Lakhs</b>
	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
	<b>Total</b>	<b>6.00</b>	<b>4,075</b>	<b>6.77</b>	<b>4,599</b>
	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 it's 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 it's 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.				
	<b>Mumbai</b>	<b>Surjeet Singh</b>			
	Date: February 03, 2017	Managing Director & CEO			
	<i>For further details on the results, please visit our website: <a href="http://www.subex.com">www.subex.com</a></i>				

**Subex Limited**

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

**Statement of Consolidated Unaudited Results for the quarter and nine months ended December 31, 2016**

( ` in Lakhs)

Particulars	Consolidated					
	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 4)	Unaudited	Unaudited (refer note 4)	
1	Income from operations Net sales/ income from operations	9,578	8,336	8,055	26,248	23,320
	<b>Total income from operations (net)</b>	<b>9,578</b>	<b>8,336</b>	<b>8,055</b>	<b>26,248</b>	<b>23,320</b>
2	Expenses					
(a)	Cost of hardware, software and support charges	194	44	84	490	180
(b)	Employee benefits expense (refer note 10)	4,047	4,175	3,738	12,289	11,772
(c)	Other expenditure	2,891	2,689	2,403	8,046	6,863
(d)	Depreciation and amortisation expense	127	117	110	356	317
(e)	Exchange fluctuation (gain)/loss (net)	(316)	(211)	(409)	(1,345)	1,486
	<b>Total expenses</b>	<b>6,943</b>	<b>6,814</b>	<b>5,926</b>	<b>19,836</b>	<b>20,618</b>
3	<b>Profit from operations before other income and finance costs (1-2)</b>	<b>2,635</b>	<b>1,522</b>	<b>2,129</b>	<b>6,412</b>	<b>2,702</b>
4	Other income (refer note 7)	394	268	28	891	112
5	<b>Profit from ordinary activities before finance costs (3+4)</b>	<b>3,029</b>	<b>1,790</b>	<b>2,157</b>	<b>7,303</b>	<b>2,814</b>
6	Finance costs					
(a)	Interest on FCCBs	126	128	905	388	3,268
(b)	Interest on term loan	96	167	245	464	720
(c)	Other finance costs	234	223	383	680	1,035
	<b>Total finance costs</b>	<b>456</b>	<b>518</b>	<b>1,533</b>	<b>1,532</b>	<b>5,023</b>
7	<b>Profit/(loss) from ordinary activities before tax (5-6)</b>	<b>2,573</b>	<b>1,272</b>	<b>624</b>	<b>5,771</b>	<b>(2,209)</b>
8	Tax expense (net)	318	298	254	724	1,091
9	<b>Net profit/ (loss) for the period (7-8)</b>	<b>2,255</b>	<b>974</b>	<b>370</b>	<b>5,047</b>	<b>(3,300)</b>
10	Other comprehensive income, net of taxes	(561)	(244)	(544)	(1,651)	(876)
11	<b>Total comprehensive income (9+10)</b>	<b>1,694</b>	<b>730</b>	<b>(174)</b>	<b>3,396</b>	<b>(4,176)</b>
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	0.44	0.19	0.11	1.00	(1.34)
(b)	- Diluted	0.44	0.19	0.11	1.00	(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 of Subex Limited (Standalone Information):

(` in Lakhs)

Particulars	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 4)	Unaudited	Unaudited (refer note 4)
Net sales/ income from operations	8,690	7,505	7,618	23,868	21,301
Profit/(loss) from ordinary activities before tax	1,763	401	459	2,810	(2,786)
Profit/(loss) from ordinary activities after tax	1,712	321	290	2,670	(3,303)

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 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.

4 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
<b>Net profit under previous GAAP</b>	<b>5,938</b>	<b>7,023</b>
<b>Add/(less): Ind-AS adjustments income/(loss):</b>		
(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) Impact of deferral of revenue pertaining to free support services	68	28
(iii) Others (net)	11	3
<b>Net profit/(loss) after tax as per Ind-AS</b>	<b>370</b>	<b>(3,300)</b>

5 The face value and fair value of FCCBs outstanding as at December 31, 2016 are 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
<b>Total</b>	<b>6.00</b>	<b>4,075</b>	<b>6.77</b>	<b>4,599</b>

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.

6 During the year ended March 31, 2016, pursuant to the Interest Waiver Letter dated March 26, 2016, the lenders of term loan of US\$ 12 Million to Subex Americas Inc. had waived the interest liability upto the date of such letter and interest accruing thereafter upto August 22, 2016. Further, interest rate has been revised from 10.5% per annum to 5% per annum, effective August 22, 2016. During the previous quarter, the interest waiver has been extended till March 31, 2017, the effective date for the applicability of revised interest rate of 5% per annum has been extended to April 01, 2017 and the repayment date for US\$ 6.5 Million loan out of US\$ 12 Million has been extended from August 22, 2016 to March 31, 2017, and remaining balance of US\$ 3.5 Million and US\$ 2 Million is due for repayment on March 31, 2017 and June 30, 2017 respectively.

7 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.

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 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 December 31, 2016 and in view of the management, no further provision for diminution is considered necessary as at December 31, 2016.

9	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 December 31, 2016.
10	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 ` 420 Lakhs, respectively and that for the nine months ended December 31, 2016 and December 31, 2015 amounting to ` Nil and ` 873 Lakhs, respectively.
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 <a href="http://www.subex.com">www.subex.com</a> .

**Mumbai**  
Date: February 03, 2017

**Surjeet Singh**  
**Managing Director & CEO**

*For further details on the results, please visit our website: [www.subex.com](http://www.subex.com)*