

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, 2015

PART I (₹ in Lakhs unless otherwise stated)

	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,		Previous year ended March 31,
		2015	2015	2014	2015	2014	2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	Net sales/ income from operations	7,634	7,274	7,845	21,338	21,041	30,567
	Total income from operations (net)	7,634	7,274	7,845	21,338	21,041	30,567
2	Expenses						
(a)	Cost of hardware, software and support charges	52	53	21	108	398	1,530
(b)	Employee benefits expense and sub- contract charges (refer note 4)	1,805	2,111	1,940	5,942	5,606	7,406
(c)	Marketing and allied service charges (refer note 5)	2,979	2,661	3,291	8,461	9,314	11,788
(d)	Other expenditure	1,180	1,180	1,334	3,433	3,717	5,308
(e)	Depreciation and amortisation expense	67	66	59	199	195	259
(f)	Exchange fluctuation (gain)/loss (net) (refer note 2(d)(ii))	(617)	283	434	(80)	1,006	2,068
	Total expenses	5,466	6,354	7,079	18,063	20,236	28,359
3	Profit from operations before other income, finance costs and tax (1-2)	2,168	920	766	3,275	805	2,208
4	Other income	50	56	66	183	156	278
5	Profit from ordinary activities before finance costs and tax (3+4)	2,218	976	832	3,458	961	2,486
6	Finance costs						
(a)	Interest on FCCBs (net) (refer note 2(d)(i) & 2(e))	(4,260)	(924)	818	(5,659)	2,513	3,352
(b)	Other finance costs	357	304	459	953	1,404	1,819
	Total finance cost	(3,903)	(620)	1,277	(4,706)	3,917	5,171
7	Profit/(Loss) from ordinary activities before tax (5-6)	6,121	1,596	(445)	8,164	(2,956)	(2,685)
8	Tax expense (net)	169	298	67	517	105	155
9	Net Profit/(Loss) for the period/year (7-8)	5,952	1,298	(512)	7,647	(3,061)	(2,840)
10	Paid up share capital						
	- Equity (face value of ₹ 10/-)	42,175	26,402	17,476	42,175	17,476	18,292
11	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	-	10,600
12	Earnings/(Loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):						
(a)	- Basic	1.82	0.61	(0.30)	3.11	(1.82)	(1.65)
(b)	- Diluted	1.31	0.54	(0.30)	2.18	(1.82)	(1.65)

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 10, 2016.

2 (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\$ 23.35 Million as at December 31, 2015 would potentially be converted into 100,682,506 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13 per equity share. During the month of December 2015 and January 2016, conversion requests from the bondholders of FCCBs III amounting to US\$ 9 million and US\$ 7.8 Million respectively have been received by the Company, which are pending to be approved by the Board of Directors, which would potentially be converted into 72,439,662 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\$ 68.05 Million have been converted till the quarter and nine months ended December 31, 2015.

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
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

(ii) The face value of FCCBs outstanding as on December 31, 2015 is as follows:

Particulars	US\$ Million	₹ in Lakhs
FCCBs I	1.00	662
FCCBs II	1.40	926
FCCBs III	23.35	15,447
Total	25.75	17,035

(d) (i) Interest on FCCBs is net of reversal of interest accrued but not due in relation to FCCBs III which 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. Such reversals for the quarter and comparative periods are as detailed below:

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,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
FCCBs converted (US\$ million)	36.58	15.10	2.30	58.18	3.30	6.62
Reversal of interest accrued but not due (₹ in lakhs)	(4,744)	(1,715)	-	(7,642)	-	-

(ii) Exchange fluctuation gain/loss is net of foreign exchange gain on conversion of FCCBs III at an exchange rate of ₹ 56.0545/US\$ as against the closing rate on the date of conversion (in the range of ₹ 60 - ₹ 66), and amortisation of Foreign Currency Monetary Item Translation Difference Account ('FCMITD') expenses arising out of conversion of FCCBs III into equity shares of the Company. Such net impact for the quarter and comparative periods are as detailed below:

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,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
FCCBs converted (US\$ million)	36.58	15.10	2.30	58.18	3.30	6.62
Foreign exchange (gain)/ loss on conversion (net) (₹ in lakhs)	(876)	(235)	32	(1,400)	58	40

(e) The FCCB bond holders in their respective meetings have approved the deferral of aggregate interest of US\$ 4.71 Million (₹ 3,115.96 Lakhs) in respect of outstanding FCCBs III of USD 23.35 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 is due for payment on July 07, 2017.

- 3 During the financial year ended March 31, 2015, considering the future operational plan and projected cash flows, management of Subex Limited considered it's dues from its subsidiary viz., Subex Americas Inc., pertaining to trade receivables and advances as good and recoverable. Further based on the management's assessment, there was no diminution, other than temporary, in the carrying value of its investment in the said subsidiary of ₹ 12,496 Lakhs and accordingly, no provision was required to be made. Based on above assessment, the management continues to believe that trade receivables of ₹ 17,790 Lakhs and advances of ₹ 1,911 Lakhs are good and recoverable and that there is no diminution other than temporary in the carrying value of investment of ₹ 12,496 Lakhs in Subex Americas Inc., as at December 31, 2015 and accordingly, no provision has been made at this stage. This is an 'Emphasis of Matter' in the Limited Review Report of the Statutory Auditors on the Unaudited Standalone Results.
- 4 Employee benefits expense and sub-contract charges for the quarters ended December 31, 2015, September 30, 2015 and December 31, 2014 are net of reversal of provision no longer required, in respect of employee incentives, amounting to ₹ 273 Lakhs and ₹ 76 Lakhs, and ₹ Nil, respectively and that for the nine months ended December 31, 2015, December 31, 2014 and the year ended March 31, 2015 amounting to ₹ 351 Lakhs, ₹ 135 Lakhs and ₹ 135 Lakhs, respectively.
- 5 Marketing and allied service charges for the quarter ended December 31, 2015, September 30, 2015 and December 31, 2014 is net of reversal of provision no longer required, in respect of commission on sales, amounting to ₹ 79 Lakhs, ₹ Nil and ₹ Nil, respectively and that for the nine months ended December 31, 2015, December 31, 2014 and the year ended March 31, 2015 amounting to ₹ 79 Lakhs, ₹ Nil and ₹ Nil,
- 6 The Company has only single business segment with respect to software products and related services and hence has not made any additional segment disclosures.
- 7 The figures of the previous period up to March 31, 2015 were audited/ reviewed by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP. Previous period/year figures have been regrouped/ reclassified, wherever necessary to confirm to current period's classification.

By Order of the Board

Mumbai
Date: February 10, 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 and nine months ended December 31, 2015

PART I		(₹ in Lakhs unless otherwise stated)					
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,		Previous year ended March 31,	
	2015	2015	2014	2015	2014	2015	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income from operations Net sales/ income from operations	8,083	7,954	9,199	23,388	24,767	35,983
	Total income from operations (net)	8,083	7,954	9,199	23,388	24,767	35,983
2	Expenses						
(a)	Cost of hardware, software and support charges	84	77	107	180	509	1,664
(b)	Employee benefits expense and sub- contract charges (refer note 6)	4,127	4,287	4,452	12,948	12,937	16,376
(c)	Other expenditure (refer note 7)	2,115	1,883	2,111	5,758	6,033	8,685
(d)	Depreciation and amortisation expense	110	105	86	317	309	402
(e)	Exchange fluctuation (gain)/loss (net) (refer note 3 (d)(ii))	(891)	(228)	48	57	438	1,250
	Total expenses	5,545	6,124	6,804	19,260	20,226	28,377
3	Profit from operations before other income, finance costs and tax (1-2)	2,538	1,830	2,395	4,128	4,541	7,606
4	Other income	14	11	25	58	37	97
5	Profit from ordinary activities before finance costs and tax (3+4)	2,552	1,841	2,420	4,186	4,578	7,703
6	Finance costs						
(a)	Interest on FCCBs (net) (refer note 3(d)(i) & 3(e))	(4,260)	(924)	818	(5,659)	2,513	3,352
(b)	Interest on term loan	245	244	220	720	631	850
(c)	Other finance costs	375	324	478	1,011	1,467	1,902
	Total finance costs	(3,640)	(356)	1,516	(3,928)	4,611	6,104
7	Profit/(Loss) from ordinary activities after finance costs before tax (5-6)	6,192	2,197	904	8,114	(33)	1,599
8	Tax expense (net)	254	637	230	1,091	391	578
9	Net Profit/(Loss) for the period/year (7-8)	5,938	1,560	674	7,023	(424)	1,021
10	Paid up share capital - Equity (face value of ₹ 10/-)	42,175	26,402	17,476	42,175	17,476	18,292
11	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	-	2,612
12	Earnings/(Loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods):						
(a)	- Basic	1.82	0.73	0.40	2.86	(0.25)	0.59
(b)	- Diluted	1.31	0.59	0.40	2.06	(0.25)	0.59

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 10, 2016.

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,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net sales/ income from operations	7,634	7,274	7,845	21,338	21,041	30,567
Profit/(Loss) from ordinary activities before tax	6,121	1,596	(445)	8,164	(2,956)	(2,685)
Profit/(Loss) from ordinary activities after tax	5,952	1,298	(512)	7,647	(3,061)	(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\$ 23.35 Million as at December 31, 2015 would potentially be converted into 100,682,506 equity shares at an exchange rate of ₹ 56.0545/US\$ with a conversion price of ₹ 13 per equity share. During the month of December 2015 and January 2016, conversion requests from the bondholders of FCCBs III amounting to US\$ 9 million and US\$ 7.8 Million respectively have been received by the Company, which are pending to be approved by the Board of Directors, which would potentially be converted into 72,439,662 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\$ 68.05 Million have been converted till the quarter and nine months ended December 31, 2015.

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
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

(ii) The face value of FCCBs outstanding as on December 31, 2015 is as follows:

Particulars	US\$ Million	₹ in Lakhs
FCCBs I	1.00	662
FCCBs II	1.40	926
FCCBs III	23.35	15,447
Total	25.75	17,035

(d) (i) Interest on FCCBs is net of reversal of interest accrued but not due in relation to FCCBs III which 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. Such reversals for the quarter and comparative periods are as detailed below:

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,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
FCCBs converted (US\$ million)	36.58	15.10	2.30	58.18	3.30	6.62
Reversal of interest accrued but not due (₹ in lakhs)	(4,744)	(1,715)	-	(7,642)	-	-

(ii) Exchange fluctuation gain/loss is net of foreign exchange gain on conversion of FCCBs III at an exchange rate of ₹ 56.0545/US\$ as against the closing rate on the date of conversion (in the range of ₹ 60 - ₹ 66), and amortisation of Foreign Currency Monetary Item Translation Difference Account ('FCMITD') arising out of conversion of FCCBs III into equity shares of the Company. Such net impact for the quarter and comparative periods are as detailed below:

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,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
FCCBs converted (US\$ million)	36.58	15.10	2.30	58.18	3.30	6.62
Foreign exchange (gain)/ loss on conversion (net) (₹ in lakhs)	(876)	(235)	32	(1,400)	58	40

(e) The FCCB bond holders in their respective meetings have approved the deferral of aggregate interest of US\$ 4.71 Million (₹ 3,115.96 Lakhs) in respect of outstanding FCCBs III of USD 23.35 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 is due for payment on July 07, 2017.

- 4 During the financial year ended March 31, 2015, the Company had assessed the carrying value of goodwill arising from its investment in its subsidiary viz. Subex Americas Inc., amounting to ₹ 18,606 Lakhs. Based on the management's assessment, there was no impairment of such goodwill taking into account the future operational plans and projected cash flows as prepared by the management and accordingly, no impairment loss was required to be recognised. The management continues to believe that, based on its assessment, there is no impairment of such goodwill as at December 31, 2015. This is an 'Emphasis of Matter' in the Limited Review Report of the Statutory Auditors on the Unaudited Consolidated Results.
- 5 The Company has only single business segment with respect to software products and related services and hence has not made any additional segment disclosures.
- 6 Employee benefits expense and sub-contract charges for the quarters ended December 31, 2015, September 30, 2015 and December 31, 2014 are net of reversal of provision no longer required, in respect of employee incentives, amounting to ₹ 420 Lakhs, ₹ 384 Lakhs, and ₹ Nil, respectively and that for the nine months ended December 31, 2015, December 31, 2014 and the year ended March 31, 2015 amounting to ₹ 873 Lakhs, ₹ 287 Lakhs and ₹ 1,191 Lakhs, respectively.
- 7 Other expenditure for the quarter ended December 31, 2015, September 30, 2015 and December 31, 2014 is net of reversal of provision no longer required, in respect of commission on sales, amounting to ₹ 146 Lakhs, ₹ Nil and ₹ Nil, respectively and that for the nine months ended December 31, 2015, December 31, 2014 and the year ended March 31, 2015 amounting to ₹ 146 Lakhs, ₹ Nil and ₹ Nil, respectively.

8	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/audited results of the discontinued business consolidated in the above results are as follows:						
	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,		Previous year ended March 31,
		2015	2015	2014	2015	2014	2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Total income	-	-	-	-	-	-
	(Loss) /Profit before tax	(0.91)	(1.31)	0.34	(3.12)	(80.98)	(474.18)
	(Loss) /Profit after tax	(0.93)	1.62	0.33	(0.22)	(81.26)	(479.80)
9	The figures of the previous period up to March 31, 2015 were audited/ reviewed by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP. Previous period/year figures have been regrouped/ reclassified, wherever necessary to confirm to current period's classification.						
10	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.						
							By Order of the Board
Mumbai							Surjeet Singh
Date: February 10, 2016							Managing Director & CEO
<i>For further details on the results, please visit our website: www.subex.com</i>							