

SUBEX LIMITED

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103
Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2018

(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited (Refer note 12)	Unaudited	Audited
Income				
1 Revenue from operations	7,591	8,065	7,618	32,432
2 Other income	17	37	59	140
3 Total income (1+2)	7,608	8,102	7,677	32,572
Expenses				
(a) Employee benefits expense (Refer note 5)	4,505	4,219	4,333	17,471
(b) Finance costs	62	58	225	775
(c) Depreciation and amortisation expense	107	103	130	517
(d) Exchange fluctuation (gain)/ loss, net	(528)	447	507	1,650
(e) Other expenses	2,638	2,580	2,331	9,884
Total expenses	6,784	7,407	7,526	30,297
5 Profit before exceptional items and tax expense (3-4)	824	695	151	2,275
6 Exceptional items (Refer note 6)	-	1,166	-	1,166
7 Net profit before tax expense (5+6)	824	1,861	151	3,441
Tax expense, net				
Current tax charge/ (credit)	70	(127)	94	(171)
Provision/ (reversal) - foreign withholding taxes (Refer note 8)	210	244	198	789
MAT charge/ (credit)	-	-	(27)	53
Deferred tax charge/ (credit) (Refer note 9)	149	240	(13)	702
Total tax expense	429	357	252	1,373
9 Net profit/ (loss) for the period/ year (7-8)	395	1,504	(101)	2,068
10 Other comprehensive income, net of tax expense				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net exchange differences on translation of foreign operations	(505)	(786)	284	(210)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement (loss)/ gain on defined benefits plan	(15)	(25)	(8)	(30)
Total other comprehensive income	(520)	(811)	276	(240)
11 Total comprehensive income for the period/ year (9+10)	(125)	693	175	1,828
12 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	56,200	56,200
13 Other equity	-	-	-	21,745
14 Earnings/ (loss) per share (of ₹ 10/- each) (not annualised in case of the interim periods)				
(a) - Basic	0.07	0.27	(0.02)	0.37
(b) - Diluted	0.07	0.27	(0.02)	0.37

Notes:				
1	The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on July 31, 2018.			
2	The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") 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.			
3	The financial results of Subex Limited (Standalone information):			
		(₹ in Lakhs)		
Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited (Refer note 12)	Unaudited	Audited
Total income	647	629	7,132	18,694
Net (loss)/ profit before tax expense	(973)	(189)	434	189
Net (loss)/profit for the period/ year	(973)	(182)	324	32
Total comprehensive income for the period/ year	(974)	(178)	316	24
4	<p>The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its Revenue Maximization Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP and Subex Digital LLP (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring", subject to shareholders and other requisite approvals, to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.</p> <p>The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.</p> <p>Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.</p>			
5	Employee benefits expenses for the quarters ended June 30, 2018, March 31, 2018 and June 30, 2017 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ Nil, ₹ 342 Lakhs and ₹ 146 Lakhs, respectively, that for the year ended March 31, 2018 amounting to ₹ 725 Lakhs, respectively.			
6	Represents foreign currency translation reserve gain recognised on account of liquidation of foreign subsidiary.			
7	As at March 31, 2018, the Group assessed and concluded the carrying value of its goodwill along with carrying value of related Cash Generating Units (CGUs) to be appropriate, basis the valuation carried out by an external valuer. There is no change in the management's assessment as regards the aforementioned carrying value of its goodwill along with carrying value of related CGU as at June 30, 2018.			
8	Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Group.			
9	Deferred tax charge/ (credit), comprises of deferred tax liability arising on account of tax benefits from amortisation of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of business restructuring as detailed in note 4 above.			
10	The Group is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Group has not made any additional segment disclosures.			
11	Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results.			
12	The figures of last quarter of previous year are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2018 and the published unaudited year to date figures for nine months ended December 31, 2017.			
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 .			
Place: Bengaluru		Vinod Kumar Padmanabhan		
Date: July 31, 2018		Managing Director & CEO		
<i>For further details on the results, please visit our website: www.subex.com</i>				

SUBEX LIMITED

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103
Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2018

(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited (Refer note 10)	Unaudited	Audited
Income				
1 Revenue from operations	646	452	7,082	17,993
2 Share of profit from Limited Liability Partnerships (Refer note 4)	-	176	-	635
3 Other income	1	1	50	66
4 Total income (1+2+3)	647	629	7,132	18,694
Expenses				
(a) Employee benefits expense	183	156	2,416	6,248
(b) Finance costs	1	7	209	547
(c) Depreciation and amortisation expense	156	154	102	703
(d) Marketing and allied service charges	120	120	2,719	6,712
(e) Exchange fluctuation (gain)/ loss, net	(115)	(56)	145	311
(f) Share of loss from Limited Liability Partnerships (Refer note 4)	931	343	-	598
(g) Other expenses	344	94	1,496	3,775
Total expenses	1,620	818	7,087	18,894
6 (Loss)/ profit before exceptional items and tax expense (4-5)	(973)	(189)	45	(200)
7 Exceptional items (Refer note 5)	-	-	389	389
8 Net (loss)/ profit before tax expense (6+7)	(973)	(189)	434	189
9 Tax expense, net				
Current tax charge/ (credit)	-	-	73	(53)
Provision/ (reversal) - foreign withholding taxes (Refer note 7)	-	(7)	64	157
MAT charge/ (credit)	-	-	(27)	53
Total tax expense	-	(7)	110	157
10 Net (loss)/ profit for the period/ year (8-9)	(973)	(182)	324	32
11 Other comprehensive income, net of tax expense				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Re-measurement gain/ (loss) on defined benefits plan	(1)	4	(8)	(8)
12 Total comprehensive income for the period/ year (10+11)	(974)	(178)	316	24
13 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	56,200	56,200
14 Other equity	-	-	-	18,034
15 (Loss)/ earnings per share (of ₹ 10/- each) (not annualised in case of the interim periods):				
(a) - Basic	(0.17)	(0.03)	0.06	0.01
(b) - Diluted	(0.17)	(0.03)	0.06	0.01

Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on July 31, 2018.
- 2 The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") 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.
- 3 The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its Revenue Maximization Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP and Subex Digital LLP (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring", subject to shareholders and other requisite approvals, to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.
- The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.
- Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.
- 4 Share of (loss)/ profit, net, from Limited Liability Partnerships includes the following (loss)/ profit from LLPs. Also refer note 3 above.

(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited (Refer note 10)	Unaudited	Audited
Share of (loss)/ profit from Subex Assurance LLP	(475)	176	-	635
Share of loss from Subex Digital LLP	(456)	(343)	-	(598)
Total	(931)	(167)	-	37

- 5 Represents write back of provision for doubtful advances no longer required.
- 6 As at March 31, 2018, the Company assessed and concluded the carrying value of its investments in its subsidiaries, to be appropriate, basis the valuation carried out by an external valuer. There is no change in the management's assessment as regards the aforementioned carrying value of its investments in its subsidiaries as at June 30, 2018.
- 7 Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Company.
- 8 The Company is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, 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.
- 9 Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results.
- 10 The figures of last quarter of previous year are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2018 and the published unaudited year to date figures for nine months ended December 31, 2017.
- 11 Considering the Restructuring as detailed in note 3 above, the figures of the current quarter, previous quarter and year ended March 31, 2018 are not comparable to figures of the corresponding quarter presented in these financial results.

Place: Bengaluru
Date: July 31, 2018

Vinod Kumar Padmanabhan
Managing Director & CEO

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