

**SUBEX LIMITED**

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103

**Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2018**

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income</b>						
1 Revenue from operations	276	480	2,679	1,402	17,541	17,993
2 Share of profit from Limited Liability Partnerships (Refer note 4)	20	128	459	-	459	635
3 Other income	1	1	1	3	65	66
<b>4 Total income (1+2+3)</b>	<b>297</b>	<b>609</b>	<b>3,139</b>	<b>1,405</b>	<b>18,065</b>	<b>18,694</b>
<b>5 Expenses</b>						
(a) Employee benefits expense	183	199	1,029	565	6,092	6,248
(b) Finance costs	1	-	139	2	540	547
(c) Depreciation and amortisation expense	158	158	217	472	549	703
(d) Marketing and allied service charges	130	133	1,110	383	6,592	6,712
(e) Exchange fluctuation loss/ (gain), net	36	(57)	144	(136)	367	311
(f) Share of loss from Limited Liability Partnerships (Refer note 4)	462	445	255	1,690	255	598
(g) Other expenses	128	264	690	736	3,681	3,775
<b>Total expenses</b>	<b>1,098</b>	<b>1,142</b>	<b>3,584</b>	<b>3,712</b>	<b>18,076</b>	<b>18,894</b>
<b>6 Loss before exceptional items and tax expense (4-5)</b>	<b>(801)</b>	<b>(533)</b>	<b>(445)</b>	<b>(2,307)</b>	<b>(11)</b>	<b>(200)</b>
7 Exceptional items (Refer note 5)	-	-	-	-	389	389
<b>8 Net (loss)/ profit before tax expense (6+7)</b>	<b>(801)</b>	<b>(533)</b>	<b>(445)</b>	<b>(2,307)</b>	<b>378</b>	<b>189</b>
<b>9 Tax expense, net</b>						
Current tax charge/ (credit)	-	-	(18)	-	(53)	(53)
Provision/ (reversal) - foreign withholding taxes (Refer note 7)	-	1	(25)	1	164	157
MAT charge/ (credit)	-	-	18	-	53	53
<b>Total tax expense</b>	<b>-</b>	<b>1</b>	<b>(25)</b>	<b>1</b>	<b>164</b>	<b>157</b>
<b>10 Net (loss)/ profit for the period/ year (8-9)</b>	<b>(801)</b>	<b>(534)</b>	<b>(420)</b>	<b>(2,308)</b>	<b>214</b>	<b>32</b>
<b>11 Other comprehensive income, net of tax expense</b>						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Re-measurement loss on defined benefits plan	(2)	(4)	(4)	(7)	(12)	(8)
<b>12 Total comprehensive income for the period/ year (10+11)</b>	<b>(803)</b>	<b>(538)</b>	<b>(424)</b>	<b>(2,315)</b>	<b>202</b>	<b>24</b>
13 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	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	(0.14)	(0.10)	(0.07)	(0.41)	0.04	0.01
(b) - Diluted	(0.14)	(0.10)	(0.07)	(0.41)	0.04	0.01

**Notes:**

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on January 29, 2019.
- 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.
- 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.

- Share of (loss)/ profit, net, from Limited Liability Partnerships includes the following (loss)/ profit from LLPs.

**(₹ in Lakhs)**

Particulars	Quarter ended			Year to date figures for the nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Share of profit/ (loss) from Subex Assurance LLP	20	128	459	(327)	459	635
Share of loss from Subex Digital LLP	(462)	(445)	(255)	(1,363)	(255)	(598)
<b>Total</b>	<b>(442)</b>	<b>(317)</b>	<b>204</b>	<b>(1,690)</b>	<b>204</b>	<b>37</b>

The aforesaid share of profit/ (loss) from LLPs are after considering amortization of intangible assets and deferred tax liabilities/ assets, arising on account of business restructuring detailed in note 3 above.

- Represents write back of provision for doubtful advances no longer required.
- 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 December 31, 2018.
- Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Company.
- 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.
- 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.
- The Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved "Subex Employees Stock Option Scheme - 2018" (hereinafter referred to as the "ESOP Scheme 2018") in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6, 2018 and is authorised to acquire shares of the Company through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity.
- Considering the Restructuring as detailed in note 3 above, the figures of the current quarter and year to date are not comparable to figures of the corresponding previous quarter and year to date figures presented in these financial results.

Place: Bengaluru  
Date: January 29, 2019

**Vinod Kumar Padmanabhan**  
Managing Director & CEO

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

**SUBEX LIMITED**

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103  
**Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2018**

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income</b>						
1 Revenue from operations	8,228	8,806	8,643	24,625	24,367	32,432
2 Other income	27	17	28	61	103	140
<b>3 Total income (1+2)</b>	<b>8,255</b>	<b>8,823</b>	<b>8,671</b>	<b>24,686</b>	<b>24,470</b>	<b>32,572</b>
<b>Expenses</b>						
(a) Employee benefits expense (Refer note 5)	4,872	4,853	4,444	14,230	13,252	17,471
(b) Finance costs	54	46	282	162	717	775
(c) Depreciation and amortisation expense	116	122	155	345	414	517
(d) Exchange fluctuation loss/ (gain), net	128	(283)	324	(683)	1,203	1,650
(e) Other expenses	2,599	2,717	2,454	7,954	7,304	9,884
<b>Total expenses</b>	<b>7,769</b>	<b>7,455</b>	<b>7,659</b>	<b>22,008</b>	<b>22,890</b>	<b>30,297</b>
<b>5 Profit before exceptional items and tax expense (3-4)</b>	<b>486</b>	<b>1,368</b>	<b>1,012</b>	<b>2,678</b>	<b>1,580</b>	<b>2,275</b>
6 Exceptional items (Refer note 6)	-	-	-	-	-	1,166
<b>7 Net profit before tax expense (5+6)</b>	<b>486</b>	<b>1,368</b>	<b>1,012</b>	<b>2,678</b>	<b>1,580</b>	<b>3,441</b>
<b>8 Tax expense, net</b>						
Current tax charge/ (credit)	68	38	11	176	(44)	(171)
Provision/ (reversal) - foreign withholding taxes (Refer note 8)	227	208	148	645	545	789
MAT charge	-	-	18	-	53	53
Deferred tax charge/ (credit) (Refer note 9)	(15)	491	474	625	462	702
<b>Total tax expense</b>	<b>280</b>	<b>737</b>	<b>651</b>	<b>1,446</b>	<b>1,016</b>	<b>1,373</b>
<b>9 Net profit for the period/ year (7-8)</b>	<b>206</b>	<b>631</b>	<b>361</b>	<b>1,232</b>	<b>564</b>	<b>2,068</b>
<b>10 Other comprehensive income, net of tax expense</b>						
<i>Items that will be reclassified subsequently to profit or loss:</i>						
Net exchange differences (loss)/ gain on translation of foreign operations	(298)	295	1	(508)	576	(210)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Re-measurement loss on defined benefits plan	(15)	(14)	(4)	(44)	(5)	(30)
<b>Total other comprehensive income</b>	<b>(313)</b>	<b>281</b>	<b>(3)</b>	<b>(552)</b>	<b>571</b>	<b>(240)</b>
<b>11 Total comprehensive income for the period/ year (9+10)</b>	<b>(107)</b>	<b>912</b>	<b>358</b>	<b>680</b>	<b>1,135</b>	<b>1,828</b>
12 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	56,200	56,200	56,200	56,200
13 Other equity	-	-	-	-	-	21,745
14 Earnings per share (of ₹ 10/- each) (not annualised in case of the interim periods)						
(a) - Basic	0.04	0.11	0.06	0.22	0.10	0.37
(b) - Diluted	0.04	0.11	0.06	0.22	0.10	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 January 29, 2019.
- 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):

Particulars	Quarter ended			Year to date figures for the nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income	297	609	2,884	1,405	17,810	18,694
Net (loss)/ profit before tax expense	(801)	(533)	(445)	(2,307)	378	189
Net (loss)/profit for the period/ year	(801)	(534)	(420)	(2,308)	214	32
Total comprehensive income for the period/ year	(803)	(538)	(424)	(2,315)	202	24

- 4 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.
- 5 Employee benefits expenses for the quarters ended December 31, 2018, September 30, 2018 and December 31, 2017 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ Nil , ₹ 35 Lakhs and ₹ 81 Lakhs, respectively, that for the nine months ended December 31, 2018 and December 31, 2017 amounting to ₹ 35 Lakhs and ₹ 383 Lakhs 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 December 31, 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 Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved “Subex Employees Stock Option Scheme – 2018” (hereinafter referred to as the “ESOP Scheme 2018”) in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI ESOP Regulations”) to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the “ESOP Trust”). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6, 2018 and is authorised to acquire shares of the Company through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity.
- 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](http://www.subex.com).

Place: Bengaluru  
Date: January 29, 2019

Vinod Kumar Padmanabhan  
Managing Director & CEO

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