

SUBEX LIMITED

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

Statement of Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2019

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
1 Revenue from operations	187	219	480	406	1,126	1,916
2 Share of profit from Limited Liability Partnerships(net) (Refer note 3)	118	-	-	-	-	-
3 Other income	26	10	1	36	2	10
4 Total income (1+2+3)	331	229	481	442	1,128	1,926
5 Expenses						
(a) Employee benefits expense	148	173	199	321	382	739
(b) Finance costs	8	8	-	16	1	4
(c) Depreciation and amortisation expense	172	170	158	342	314	625
(d) Marketing and allied service charges	133	134	133	267	253	513
(e) Exchange fluctuation loss/ (gain), net	(10)	(25)	(57)	(35)	(172)	39
(f) Share of loss from Limited Liability Partnerships (net) (Refer note 3)	-	158	317	40	1,248	1,600
(g) Other expenses	142	123	264	265	608	861
Total expenses	593	741	1,014	1,216	2,634	4,381
6 Net loss before tax expense (4-5)	(262)	(512)	(533)	(774)	(1,506)	(2,455)
7 Tax expense, net						
Provision/ (reversal) - foreign withholding taxes (Refer note 5)	-	-	1	-	1	(2)
Total tax expense	-	-	1	-	1	(2)
8 Net loss for the period/ year (6-7)	(262)	(512)	(534)	(774)	(1,507)	(2,453)
9 Other comprehensive income, net of tax expense						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Re-measurement loss on defined benefits plan	(1)	(1)	(4)	(2)	(5)	(3)
10 Total comprehensive income for the period/ year (8+9)	(263)	(513)	(538)	(776)	(1,512)	(2,456)
11 Paid up equity share capital [face value of ₹ 10 (March 31, 2019: ₹ 10)]	56,200	56,200	56,200	56,200	56,200	56,200
12 Other equity	-	-	-	-	-	14,949
13 Loss per share (of ₹ 10/- each) (not annualised in case of the interim periods):						
(a) - Basic	(0.05)	(0.09)	(0.10)	(0.14)	(0.27)	(0.44)
(b) - Diluted	(0.05)	(0.09)	(0.10)	(0.14)	(0.27)	(0.44)

SUBEX LIMITED
Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103
Statement of Standalone Assets and Liabilities

(₹ in Lakhs)

Particulars	As at	
	September 30, 2019	March 31, 2019
	Unaudited	Audited
A ASSETS		
Non-current assets		
Property, plant and equipment	15	18
Right-of-use assets	278	-
Intangible assets	4,683	4,987
Financial assets		
Investments	64,369	64,369
Loans	36	35
Other balances with banks	418	418
Other financial assets	234	234
Income tax asset (net)	2,742	2,730
Deferred tax asset (MAT credit entitlement)	425	425
Other non-current assets	267	281
	73,467	73,497
Current assets		
Financial assets		
Loans	2	4
Trade receivables	756	842
Cash and cash equivalents	196	97
Other financial assets	234	6
Other current assets	46	33
	1,234	982
Total assets	74,701	74,479
B EQUITY AND LIABILITIES		
Equity		
Equity share capital	56,200	56,200
Other equity	13,810	14,949
Total equity	70,010	71,149
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	218	-
Provisions	2	1
	220	1
Current liabilities		
Financial liabilities		
Lease liabilities	82	-
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	1	1
- total outstanding dues of creditors other than micro enterprises and small enterprises	517	267
Other financial liabilities	3,480	2,658
Other current liabilities	12	17
Provisions	113	112
Income tax liabilities (net)	266	274
	4,471	3,329
Total liabilities	4,691	3,330
Total equity and liabilities	74,701	74,479

SUBEX LIMITED
Statement of cash flows for the six months ended September 30, 2019

(₹ in Lakhs)

Particulars	Six months ended	
	September 30, 2019	September 30, 2018
	Unaudited	Unaudited
(A) Operating activities		
Loss before tax expense	(774)	(1,506)
<i>Adjustments to reconcile loss before tax expense to net cash flows:</i>		
Depreciation of property, plant and equipment and right-of-use assets	38	9
Amortisation of intangible assets	304	305
Expense on employee share based payments	4	-
Interest income (including fair value changes)	(18)	(2)
Finance costs (including fair value changes)	15	-
Provision for doubtful debts and advances (net of reversal)	7	50
Amortized cost of deposits	-	2
Share of profit/ (loss) (net) from Limited Liability Partnerships	40	1,248
Net foreign exchange differences	(18)	(145)
Operating loss before working capital changes	(402)	(39)
<i>Working capital adjustments:</i>		
(Increase)/ decrease in loans	3	1
(Increase)/ decrease in trade receivables	147	145
(Increase)/ decrease in other assets	(17)	19
Increase/ (decrease) in trade payables	242	53
Increase/ (decrease) in other financial liabilities	(11)	7
Increase/ (decrease) in other current liabilities	(5)	(41)
Increase/ (decrease) in provisions	-	(5)
	(43)	140
Income tax paid (including TDS, net of refund)	(20)	(238)
Net cash flows used in operating activities	(63)	(98)
(B) Investing activities		
Purchase of property, plant and equipment	(1)	(2)
Drawings from limited liability partnerships	580	200
Interest received	2	-
Purchase of treasury shares by ESOP trust	(378)	(32)
Net cash flows from investing activities	203	166
(C) Financing activities		
Interest paid	(15)	-
Repayment of Lease liability	(26)	-
Net cash flows used in financing activities	(41)	-
(D) Net increase in cash and cash equivalents (A+B+C)	99	68
Cash and cash equivalents at the beginning of the period	97	211
(E) Cash and cash equivalents at the end of the period	196	279

Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on November 8, 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, as amended.
- Share of profit/ (loss) from Limited Liability Partnerships are as follows:

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Share of profit from Subex Assurance LLP	742	287	128	1,029	(347)	165
Share of loss from Subex Digital LLP	(624)	(445)	(445)	(1,069)	(901)	(1,765)
Total	118	(158)	(317)	(40)	(1,248)	(1,600)

The Company has presented share of profit and share of loss from Limited Liability Partnerships ('LLP') on net basis with effect from current quarter as the management considers the net income/expense to be its return on investment in LLP. Accordingly, the Company has reclassified respective comparatives in the above results to confirm with the current period's classification.

- As at March 31, 2019, 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 September 30, 2019.
- 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.
- Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"), registered and authorised to acquire shares of the Company through secondary market for providing share-based payments to its employees, 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. The shares held by the Trust were reduced on a weighted average basis from outstanding number of shares for computation of basic and diluted EPS of the Company.
- Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹311 Lakhs and a lease liability of ₹326 Lakhs. The cumulative effect of applying the standard resulted in ₹32 Lakhs being debited to retained earnings, net of taxes.

Place: Bengaluru
Date: November 8, 2019

Vinod Kumar Padmanabhan
Managing Director & CEO

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

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

Statement of Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2019

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
1 Revenue from operations	8,567	7,895	8,806	16,462	16,397	34,812
2 Other income	140	36	17	176	34	101
3 Total income (1+2)	8,707	7,931	8,823	16,638	16,431	34,913
4 Expenses						
(a) Employee benefits expense (Refer note 4)	4,437	4,309	4,853	8,746	9,358	19,105
(b) Finance costs	142	150	46	292	108	216
(c) Depreciation and amortisation expense	378	371	122	749	229	483
(d) Exchange fluctuation (gain)/ loss, net	(292)	(259)	(283)	(551)	(811)	(171)
(e) Other expenses	2,331	2,068	2,717	4,399	5,355	10,572
Total expenses	6,996	6,639	7,455	13,635	14,239	30,205
5 Net profit before tax expense (3-4)	1,711	1,292	1,368	3,003	2,192	4,708
6 Tax expense, net						
Current tax charge	1	1	38	2	108	274
Provision - foreign withholding taxes (Refer note 6)	263	223	208	486	418	885
Deferred tax charge (Refer note 7)	817	540	491	1,357	640	1,027
Total tax expense	1,081	764	737	1,845	1,166	2,186
7 Net profit for the period/ year (5-6)	630	528	631	1,158	1,026	2,522
8 Other comprehensive income, net of tax expense						
<i>Items that will be reclassified subsequently to profit or loss:</i>						
Net exchange differences (loss)/ gain on translation of foreign operations	(124)	(266)	295	(390)	(210)	(390)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Re-measurement loss on defined benefits plan	(25)	(10)	(14)	(35)	(29)	(38)
Total other comprehensive income	(149)	(276)	281	(425)	(239)	(428)
9 Total comprehensive income for the period/ year (7+8)	481	252	912	733	787	2,094
10 Paid up equity share capital [face value of ₹ 10 (March 31, 2019: ₹ 10)]	56,200	56,200	56,200	56,200	56,200	56,200
11 Other equity	-	-	-	-	-	23,210
12 Earnings per share (of ₹ 10/- each) (not annualised in case of the interim periods)						
(a) - Basic	0.12	0.10	0.11	0.21	0.18	0.45
(b) - Diluted	0.12	0.10	0.11	0.21	0.18	0.45

SUBEX LIMITED

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

Statement of Consolidated Assets and Liabilities

(₹ in Lakhs)

Particulars	As at	
	September 30, 2019	March 31, 2019
	Unaudited	Audited
A ASSETS		
Non-current assets		
Property, plant and equipment	543	540
Right-of-use assets	4,489	-
Goodwill on consolidation	65,882	65,882
Other intangible assets	4	7
Financial assets		
Loans	530	503
Other balances with banks	419	420
Other financial assets	234	234
Income tax asset (net)	3,081	3,039
Deferred tax asset (including MAT credit entitlement)	642	624
Other non-current assets	267	478
	76,091	71,727
Current assets		
Financial assets		
Loans	133	121
Trade receivables	8,668	8,539
Cash and cash equivalents	6,106	3,947
Other balances with banks	125	252
Other financial assets	3,790	4,537
Other current assets	680	526
	19,502	17,922
Total Assets	95,593	89,649
B EQUITY AND LIABILITIES		
Equity		
Equity share capital	56,200	56,200
Other equity	23,170	23,210
Total equity	79,370	79,410
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease Liability	3,531	-
Provisions	337	305
Deferred tax liabilities(net)	3,244	1,928
	7,112	2,233
Current liabilities		
Financial liabilities		
Lease Liabilities	1,299	-
Trade payable		
- total outstanding dues of micro enterprises and small enterprises	28	7
- total outstanding dues of creditors other than micro enterprises and small enterprises	796	827
Other financial liabilities	2,174	2,961
Other current liabilities	3,168	2,452
Provisions	804	729
Income tax liabilities (net)	842	1,030
	9,111	8,006
Total liabilities	16,223	10,239
Total equity and liabilities	95,593	89,649

SUBEX LIMITED
Statement of cash flows for the six months ended September 30, 2019

(₹ in Lakhs)

Particulars	Six months ended	
	September 30, 2019	September 30, 2018
	Unaudited	Unaudited
(A) Operating activities		
Profit before tax expense	3,003	2,192
<i>Adjustments to reconcile profit before tax expense to net cash flows:</i>		
Depreciation of property, plant and equipment and right-of-use assets	746	151
Amortization of intangible assets	3	78
Interest income (including fair value changes)	(64)	(28)
Finance costs (including fair value changes)	243	108
Provision for doubtful debts and advances (net of reversal)	16	338
Expense on share based payment	48	-
Amortized cost of deposits	-	29
Net foreign exchange differences	(520)	(445)
Operating profit before working capital changes	3,475	2,423
<i>Working capital adjustments:</i>		
(Increase)/ decrease in loans	(7)	(37)
(Increase)/ decrease in trade receivables	89	(1,484)
(Increase)/ decrease in other financial assets	586	(84)
(Increase)/ decrease in other assets	(219)	(88)
Increase/ (decrease) in trade payables	(1)	432
Increase/ (decrease) in other financial liabilities	(697)	(383)
Increase/ (decrease) in other current liabilities	645	598
Increase/ (decrease) in provisions	62	151
Income tax paid (including TDS, net of refund)	3,933	1,528
	(710)	(425)
Net cash flows from operating activities	3,223	1,103
(B) Investing activities		
Purchase of property, plant and equipment	(288)	(194)
Movement in margin money deposit (net)	131	(18)
Purchase of treasury shares by ESOP trust	(378)	(32)
Interest received	25	5
Net cash flows used in investing activities	(510)	(239)
(C) Financing activities		
Repayment in working capital loans (net)	-	(1,027)
Interest paid	(230)	(95)
Repayment of lease liability	(425)	-
Net cash flows used in financing activities	(655)	(1,122)
(D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2,058	(258)
Net foreign exchange difference on cash and cash equivalents	101	(103)
Cash and cash equivalents at the beginning of the period	3,947	3,007
(E) Cash and cash equivalents at the end of the period	6,106	2,646

Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on November 8, 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, as amended.
- The financial results of Subex Limited (Standalone information):

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income	331	229	481	442	1,128	1,926
Net loss before tax expense	(262)	(512)	(533)	(774)	(1,506)	(2,455)
Net loss for the period/ year	(262)	(512)	(534)	(774)	(1,507)	(2,453)
Total comprehensive income for the period/ year	(263)	(513)	(538)	(776)	(1,512)	(2,456)

- Employee benefits expenses for the quarters ended September 30, 2019, June 30, 2019, and September 30, 2018 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ 438 Lakhs, ₹ 450 Lakhs and ₹ 35 Lakhs, respectively, that for the six months ended September 30, 2019 and September 30, 2018 amounting to ₹ 888 Lakhs and ₹ 35 Lakhs and that for the year ended March 31, 2019 amounting to ₹ 40 Lakhs.
- As at March 31, 2019, 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 September 30, 2019.
- Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Group.
- 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 effected from November 1, 2017, wherein, the Company's RMS business and the Digital business was transferred on going concern basis to Subex Assurance LLP and Subex Digital LLP respectively.
- 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.
- Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"), registered and authorised to acquire shares of the Company through secondary market for providing share-based payments to its employees, 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. The shares held by the Trust were reduced on a weighted average basis from outstanding number of shares for computation of basic and diluted EPS of the Company.
- Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹4,816 Lakhs and a lease liability of ₹5,052 Lakhs. The cumulative effect of applying the standard resulted in ₹442 Lakhs being debited to retained earnings, net of taxes.

Place: Bengaluru
Date: November 8, 2019

Vinod Kumar Padmanabhan
Managing Director & CEO

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