

SUBEX LIMITED

Registered office: Pritech Park - SEZ, Block-09, 4th Floor, B Wing, Survey No. 51-64/4, Outer ring road, Bellandur, Bangalore -560 103

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2020

(₹ in Lakhs)

| Particulars | Quarter ended | | | Year to date figures for the nine months ended | | Year ended |
|---|-------------------|--------------------|-------------------|--|-------------------|-----------------|
| | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Income | | | | | | |
| 1 Revenue from operations | 222 | 428 | 284 | 1,225 | 690 | 1,079 |
| 2 Share of profit from Limited Liability Partnerships before exceptional items (net) (Refer note 3) | 286 | 665 | - | 1,705 | - | 1,889 |
| 3 Other income | 2 | 2 | 5 | 7 | 41 | 202 |
| 4 Total income (1+2+3) | 510 | 1,095 | 289 | 2,937 | 731 | 3,170 |
| Expenses | | | | | | |
| Employee benefits expense | 165 | 154 | 164 | 474 | 485 | 616 |
| Finance costs | 1 | 6 | 7 | 13 | 22 | 28 |
| Depreciation and amortization expense | 52 | 50 | 171 | 151 | 513 | 562 |
| Marketing and allied service charges | 128 | 127 | 129 | 386 | 396 | 530 |
| Exchange fluctuation (gain)/loss, net | (17) | 10 | (4) | (21) | (39) | (34) |
| Share of loss from Limited Liability Partnerships before exceptional items (net) (Refer note 3) | - | - | 248 | - | 288 | - |
| Other expenses | 56 | 77 | 126 | 238 | 392 | 577 |
| 5 Total expenses | 385 | 424 | 841 | 1,241 | 2,057 | 2,279 |
| 6 Profit/ (loss) before exceptional items and tax (4-5) | 125 | 671 | (552) | 1,696 | (1,326) | 891 |
| Exceptional items | | | | | | |
| Share of loss from Subex Assurance LLP [Refer note 3 and 4 (i)] | - | - | (16,808) | - | (16,808) | (16,808) |
| Impairment of intangible assets and investment in subsidiary | - | - | (3,599) | - | (3,599) | (3,599) |
| Impairment of intangible asset [Refer note 4 (i)] | - | - | (1,054) | - | (1,054) | (1,054) |
| Provision for claim settlement [Refer note 4 (ii)] | - | - | 100 | - | 100 | 100 |
| Provision no longer required written back | - | 36 | - | 36 | - | - |
| Gain on termination of lease agreement (Refer note 5) | - | (267) | - | (267) | - | - |
| Provision for service tax receivable (Refer note 6) | - | - | - | - | - | - |
| 7 Total exceptional items | - | (231) | (21,361) | (231) | (21,361) | (21,361) |
| 8 Net profit/ (loss) before tax (6-7) | 125 | 440 | (21,913) | 1,465 | (22,687) | (20,470) |
| Tax expense, net | | | | | | |
| Current tax charge | - | 6 | - | 6 | - | - |
| Provision for MAT credit [Refer note 7(i)] | - | - | - | - | - | 425 |
| Reversal - foreign withholding taxes [Refer note 7(ii)] | (4) | (2) | - | (6) | - | (307) |
| Total tax expense | (4) | 4 | - | - | - | 118 |
| 10 Net profit/ (loss) for the period/ year (8-9) | 129 | 436 | (21,913) | 1,465 | (22,687) | (20,588) |
| 11 Other comprehensive income/ (loss), net of tax | | | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | | |
| Re-measurement loss on defined benefits plan | (2) | (2) | (2) | (5) | (4) | (21) |
| 12 Total comprehensive income/ (loss) for the period/ year (10+11) | 127 | 434 | (21,915) | 1,460 | (22,691) | (20,609) |
| 13 Paid up equity share capital (Refer note 8) [face value of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020] | 28,100 | 28,100 | 56,200 | 28,100 | 56,200 | 56,200 |
| 14 Other equity | - | - | - | - | - | (6,176) |
| 15 Earning/ (loss) per share (of ₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020) (not annualised in case of the interim periods) (Refer note 8): | | | | | | |
| - Basic | 0.02 | 0.08 | (4.04) | 0.27 | (4.15) | (3.78) |
| - Diluted | 0.02 | 0.08 | (4.04) | 0.27 | (4.15) | (3.78) |

| 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 01, 2021. | | | | | | |
| 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, as amended. | | | | | | |
| 3 | Share of profit/ (loss) from Limited Liability Partnerships are as follows: | | | | | | |
| | | Quarter ended | | | Year to date figures for the nine months ended | | Year ended |
| Particulars | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020 | |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Share of profit from Subex Assurance LLP before exceptional items | 912 | 1,225 | 321 | 3,434 | 1,350 | 3,878 | |
| Share of loss from Subex Digital LLP | (626) | (560) | (569) | (1,729) | (1,638) | (1,989) | |
| Total | 286 | 665 | (248) | 1,705 | (288) | 1,889 | |
| Share of loss from Subex Assurance LLP (Exceptional items) | | | | | | | |
| Impairment of intangible asset and investment in subsidiary | - | - | (16,808) | - | (16,808) | (16,808) | |
| Total [(i)+(ii)] | 286 | 665 | (17,056) | 1,705 | (17,096) | (14,919) | |
| The Company has presented share of profit and share of loss from Limited Liability Partnerships ('LLP') on net basis as the management considers the net income/expense to be its return on investment in LLP. | | | | | | | |
| 4 | (i) During the previous year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which has resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management had carried out the annual impairment exercise as at December 31, 2019 in respect of its intangible assets and investment in subsidiaries and basis valuation carried out by an external expert, had made an impairment provision of ₹ 3,599 Lakhs towards carrying value of intangible asset and ₹ 16,808 Lakhs towards the carrying value of investment in subsidiary. In view of the COVID -19 pandemic, the management has reassessed its projections and assumptions and has concluded that, the carrying value of it's intangible asset and investments in its subsidiaries as at December 31, 2020 is appropriate. | | | | | | |
| | (ii) During the previous year ended March 31, 2020, the Company entered into settlement agreement with former MD & CEO and former COO of the company in respect of long drawn litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company paid an amount of ₹ 820 Lakhs (net of ₹ 234 Lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation is amicably settled. | | | | | | |
| 5 | Represents gain arising on termination of the lease agreement of existing office premises in India, accounted in accordance with Ind AS 116 – Leases. | | | | | | |
| 6 | During the previous quarter ended September 30, 2020, service tax receivable of ₹ 267 lakhs has been provided considering the uncertainty with regards to its realisation. | | | | | | |
| 7 | (i) During the previous year ended March 31, 2020, the MAT credit entitlement of ₹ 425 Lakhs has been provided considering the uncertainty with regards to its utilisation. | | | | | | |
| | (ii) Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Company. | | | | | | |
| 8 | The Board of Directors in its meeting held on February 07, 2020, approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said Scheme vide its order dated September 23, 2020. Consequently, the Company filed a certified copy of Order with Registrar of Companies ('ROC') on September 29, 2020 and utilized an amount of ₹ 28,100 Lakhs from paid-up share capital of the Company by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and ₹ 10,301 Lakhs from securities premium to write-off its accumulated losses of ₹ 38,401 Lakhs. | | | | | | |
| 9 | 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. | | | | | | |
| 10 | The full impact of COVID – 19 still remains uncertain and could be different from the estimates considered while preparing these standalone financial results. The Company shall continue to closely monitor any material changes to future economic conditions. | | | | | | |
| 11 | The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. | | | | | | |
| 12 | The Board of Directors at its meeting held on February 01,2021 has declared an interim dividend of ₹ 0.50/- (10 %) per equity share on face value of ₹ 5/- each for the financial year 2020-2021. | | | | | | |
| Place: Bengaluru | | | | Vinod Kumar Padmanabhan | | | |
| Date: February 01, 2021 | | | | Managing Director & CEO | | | |
| <i>For further details on the results, please visit our website: www.subex.com</i> | | | | | | | |

SUBEX LIMITED

Registered office: Pritech Park - SEZ, Block-09, 4th Floor, B Wing, Survey No. 51-64/4, Outer ring road, Bellandur, Bangalore -560 103

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2020

(₹ in Lakhs)

| Particulars | Quarter ended | | | Year to date figures for the nine months ended | | Year ended |
|---|-------------------|--------------------|-------------------|--|-------------------|-----------------|
| | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Income | | | | | | |
| 1 Revenue from operations | 9,388 | 9,329 | 9,609 | 27,587 | 26,071 | 36,498 |
| 2 Other income | 106 | 100 | 52 | 302 | 228 | 563 |
| 3 Total income (1+2) | 9,494 | 9,429 | 9,661 | 27,889 | 26,299 | 37,061 |
| Expenses | | | | | | |
| Employee benefits expense (Refer note 4) | 5,256 | 4,890 | 4,556 | 14,703 | 13,302 | 17,454 |
| Finance costs | 38 | 103 | 115 | 251 | 358 | 477 |
| Depreciation and amortization expense | 424 | 365 | 367 | 1,155 | 1,116 | 1,508 |
| Exchange fluctuation loss/(gain), net | 449 | 438 | 512 | 698 | (39) | (887) |
| Other expenses | 1,648 | 1,461 | 2,768 | 4,651 | 7,216 | 10,513 |
| 4 Total expenses | 7,815 | 7,257 | 8,318 | 21,458 | 21,953 | 29,065 |
| 5 Profit before exceptional items and tax (3-4) | 1,679 | 2,172 | 1,343 | 6,431 | 4,346 | 7,996 |
| Exceptional items | | | | | | |
| Impairment of goodwill [Refer note 5(i)] | - | - | (31,473) | - | (31,473) | (31,473) |
| Provision no longer required written back | - | - | 761 | - | 761 | 761 |
| Provision for claim settlement [Refer note 5(ii)] | - | - | (1,054) | - | (1,054) | (1,054) |
| Provision for service tax receivable (Refer note 6) | - | (267) | - | (267) | - | - |
| Gain on termination of lease agreement (Refer note 7) | - | 554 | - | 554 | - | - |
| 6 Total exceptional items | - | 287 | (31,766) | 287 | (31,766) | (31,766) |
| 7 Net profit/ (loss) before tax (5-6) | 1,679 | 2,459 | (30,423) | 6,718 | (27,420) | (23,770) |
| 8 Tax expense, net | | | | | | |
| Current tax charge | 49 | 7 | 80 | 57 | 82 | 117 |
| Provision for MAT credit [Refer note 8 (i)] | - | - | - | - | - | 425 |
| Provision - foreign withholding taxes [Refer note 8 (ii)] | 208 | 386 | 163 | 940 | 647 | 754 |
| Deferred tax charge (Refer note 9) | 551 | 841 | 606 | 2,109 | 1,964 | 1,849 |
| Total tax expense | 808 | 1,234 | 849 | 3,106 | 2,693 | 3,145 |
| 9 Net profit/ (loss) for the period/ year (7-8) | 871 | 1,225 | (31,272) | 3,612 | (30,113) | (26,915) |
| 10 Other comprehensive income/ (loss) net of tax expense | | | | | | |
| <i>Items that will be reclassified subsequently to profit or loss:</i> | | | | | | |
| Net exchange differences gain on translation of foreign operations | 455 | 158 | 595 | 575 | 205 | 5 |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | | | |
| Re-measurement loss on defined benefits plan | (14) | (20) | (20) | (38) | (55) | (34) |
| Total other comprehensive income/ (loss) | 441 | 138 | 575 | 537 | 150 | (29) |
| 11 Total comprehensive income/ (loss) for the period/ year (9+10) | 1,312 | 1,363 | (30,697) | 4,149 | (29,963) | (26,944) |
| 12 Paid up equity share capital (Refer note 10) [face value of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020] | 28,100 | 28,100 | 56,200 | 28,100 | 56,200 | 56,200 |
| 13 Other equity | - | - | - | - | - | (4,661) |
| 14 Earnings/(loss) per share (of ₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020) (not annualised in case of the interim periods) (Refer note 10): | | | | | | |
| - Basic | 0.16 | 0.23 | (5.77) | 0.67 | (5.51) | (4.94) |
| - Diluted | 0.16 | 0.23 | (5.77) | 0.66 | (5.51) | (4.94) |

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 01, 2021.
- 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, as amended.
- 3 The financial results of Subex Limited (Standalone information):

(₹ in Lakhs)

| Particulars | Quarter ended | | | Year to date figures for the nine months ended | | Year ended |
|--|-------------------|--------------------|-------------------|--|-------------------|----------------|
| | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Total income | 510 | 1,095 | 289 | 2,937 | 731 | 3,170 |
| Net profit/ (loss) before tax | 125 | 440 | (21,913) | 1,465 | (22,687) | (20,470) |
| Net profit/ (loss) for the period/ year | 129 | 436 | (21,913) | 1,465 | (22,687) | (20,588) |
| Total comprehensive income / (loss) for the period/ year | 127 | 434 | (21,915) | 1,460 | (22,961) | (20,609) |

- 4 Employee benefits expenses for the quarters ended December 31, 2020, September 30, 2020, and December 31, 2019 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ 43 Lakhs, ₹ 62 Lakhs and ₹ 149 Lakhs, respectively, and that for the nine months ended December 31, 2020 and December 31, 2019 amounting to ₹ 333 Lakhs and ₹ 450 Lakhs, respectively and for that year ended March 31, 2020 amounting to ₹ 692 lakhs.
- 5 (i) During the previous year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which has resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management had carried out the annual impairment exercise as at December 31, 2019 in respect of carrying value of goodwill and basis valuation carried out by an external valuation expert, had made an impairment provision of ₹ 31,473 Lakhs towards carrying value of goodwill. In view of the COVID -19 pandemic, the management has reassessed its projections and assumptions and has concluded that, the carrying value of its goodwill as at December 31, 2020 is appropriate.
- (ii) During the previous year ended March 31, 2020, the Company had entered into settlement agreement with former MD & CEO and former COO of the company in respect of long drawn litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company has paid an amount of ₹ 820 lakhs (net of ₹ 234 Lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation is amicably settled.
- 6 During the previous quarter ended September 30, 2020, service tax receivable of ₹ 267 lakhs has been provided for considering the uncertainty as regards to its realisation.
- 7 Represents gain arising on termination of the lease agreement of existing office premises in India, accounted in accordance with Ind AS 116 – Leases.
- 8 (i) During the previous year ended March 31, 2020, the MAT credit entitlement of ₹ 425 Lakhs has been provided considering the uncertainty with regards to its utilisation.
- (ii) Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Group.
- 9 Deferred tax charge, comprises of 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.
- 10 The Board of Directors in its meeting held on February 07, 2020, approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said Scheme vide its order dated September 23, 2020. Consequently, the Company filed a certified copy of the Order with Registrar of Companies ('ROC') on September 29, 2020 and utilized an amount of ₹ 28,100 Lakhs from paid-up share capital of the Company by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and ₹ 10,301 Lakhs from securities premium to write-off its accumulated losses of ₹ 38,401 Lakhs.
- 11 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.
- 12 The full impact of COVID – 19 still remains uncertain and could be different from the estimates considered while preparing these consolidated financial results. The Group shall continue to closely monitor any material changes to future economic conditions.
- 13 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 14 The Board of Directors at its meeting held on February 01, 2021 has declared an interim dividend of ₹ 0.50/- (10 %) per equity share on face value of ₹ 5/- each for the financial year 2020-2021.

Place: Bengaluru
Date: February 01, 2021

Vinod Kumar Padmanabhan
Managing Director & CEO

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