

**SUBEX LIMITED**

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, 2018**

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income</b>						
1 Revenue from operations	8,806	7,591	8,106	16,397	15,724	32,432
2 Other income	17	17	16	34	75	140
<b>3 Total income (1+2)</b>	<b>8,823</b>	<b>7,608</b>	<b>8,122</b>	<b>16,431</b>	<b>15,799</b>	<b>32,572</b>
<b>4 Expenses</b>						
(a) Employee benefits expense (Refer note 5)	4,853	4,505	4,475	9,358	8,808	17,471
(b) Finance costs	46	62	210	108	435	775
(c) Depreciation and amortisation expense	122	107	129	229	259	517
(d) Exchange fluctuation (gain)/ loss, net	(283)	(528)	372	(811)	879	1,650
(e) Other expenses	2,717	2,638	2,519	5,355	4,850	9,884
<b>Total expenses</b>	<b>7,455</b>	<b>6,784</b>	<b>7,705</b>	<b>14,239</b>	<b>15,231</b>	<b>30,297</b>
<b>5 Profit before exceptional items and tax expense (3-4)</b>	<b>1,368</b>	<b>824</b>	<b>417</b>	<b>2,192</b>	<b>568</b>	<b>2,275</b>
6 Exceptional items (Refer note 6)	-	-	-	-	-	1,166
<b>7 Net profit before tax expense (5+6)</b>	<b>1,368</b>	<b>824</b>	<b>417</b>	<b>2,192</b>	<b>568</b>	<b>3,441</b>
<b>8 Tax expense, net</b>						
Current tax charge/ (credit)	38	70	(41)	108	53	(171)
Provision/ (reversal) - foreign withholding taxes (Refer note 8)	208	210	91	418	289	789
MAT charge	-	-	62	-	35	53
Deferred tax charge/ (credit) (Refer note 9)	491	149	1	640	(12)	702
<b>Total tax expense</b>	<b>737</b>	<b>429</b>	<b>113</b>	<b>1,166</b>	<b>365</b>	<b>1,373</b>
<b>9 Net profit/ (loss) for the period/ year (7-8)</b>	<b>631</b>	<b>395</b>	<b>304</b>	<b>1,026</b>	<b>203</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 gain/ (loss) on translation of foreign operations	295	(505)	291	(210)	575	(210)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Re-measurement (loss)/ gain on defined benefits plan	(14)	(15)	7	(29)	(1)	(30)
<b>Total other comprehensive income</b>	<b>281</b>	<b>(520)</b>	<b>298</b>	<b>(239)</b>	<b>574</b>	<b>(240)</b>
<b>11 Total comprehensive income for the period/ year (9+10)</b>	<b>912</b>	<b>(125)</b>	<b>602</b>	<b>787</b>	<b>777</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	0.11	0.07	0.05	0.18	0.04	0.37
(b) - Diluted	0.11	0.07	0.05	0.18	0.04	0.37

**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, 2018	March 31, 2018
	Unaudited	Audited
<b>A ASSETS</b>		
<b>1 Non-current assets</b>		
Property, plant and equipment	650	656
Goodwill on consolidation	65,882	65,882
Other intangible assets	52	63
Financial assets		
Loans	491	439
Other balances with banks	78	75
Other financial assets	234	234
Income tax asset (net)	2,912	2,810
Deferred tax asset (includes MAT credit entitlement)	534	552
Other non-current assets	507	537
	<b>71,340</b>	<b>71,248</b>
<b>2 Current assets</b>		
Financial assets		
Loans	133	134
Trade receivables	10,664	9,290
Cash and cash equivalents	2,646	3,007
Other balances with banks	310	295
Other financial assets	5,066	5,250
Other current assets	612	544
	<b>19,431</b>	<b>18,520</b>
<b>Total assets (1+2)</b>	<b>90,771</b>	<b>89,768</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
Equity share capital	56,200	56,200
Other equity	22,500	21,745
<b>Total equity</b>	<b>78,700</b>	<b>77,945</b>
<b>Liabilities</b>		
<b>2 Non-current liabilities</b>		
Provisions	313	280
Deferred tax liabilities(net)	1,449	826
	<b>1,762</b>	<b>1,106</b>
<b>3 Current liabilities</b>		
Financial liabilities		
Borrowings	2,188	3,215
Trade payables	930	1,331
Other financial liabilities	1,852	1,511
Other current liabilities	3,631	3,230
Provisions	787	712
Income tax liabilities (net)	921	718
	<b>10,309</b>	<b>10,717</b>
<b>4 Total liabilities (2+3)</b>	<b>12,071</b>	<b>11,823</b>
<b>Total equity and liabilities (1+4)</b>	<b>90,771</b>	<b>89,768</b>

**Notes:**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on October 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):

Particulars	Quarter ended			Year to date figures for the six months ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income	609	647	7,794	1,128	14,926	18,694
Net (loss)/ profit before tax expense	(533)	(973)	389	(1,506)	823	189
Net (loss)/profit for the period/ year	(534)	(973)	310	(1,507)	634	32
Total comprehensive income for the period/ year	(538)	(974)	310	(1,512)	626	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 September 30, 2018, June 30, 2018 and September 30, 2017 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ 35 Lakhs, ₹ Nil Lakhs and ₹ 156 Lakhs, respectively, that for the six months ended September 30, 2018 and September 30, 2017 amounting to ₹ 35 Lakhs and ₹ 302 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 September 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 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: October 31, 2018

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 Standalone Financial Results for the quarter and six months ended September 30, 2018**

(₹ in Lakhs)

Particulars	Quarter ended			Year to date figures for the six months		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income</b>						
1 Revenue from operations	480	646	7,780	1,126	14,862	17,993
2 Share of profit from Limited Liability Partnerships (Refer note 4)	128	-	-	-	-	635
3 Other income	1	1	14	2	64	66
<b>4 Total income (1+2+3)</b>	<b>609</b>	<b>647</b>	<b>7,794</b>	<b>1,128</b>	<b>14,926</b>	<b>18,694</b>
<b>5 Expenses</b>						
(a) Employee benefits expense	199	183	2,647	382	5,063	6,248
(b) Finance costs	-	1	192	1	401	547
(c) Depreciation and amortisation expense	158	156	230	314	332	703
(d) Marketing and allied service charges	133	120	2,763	253	5,482	6,712
(e) Exchange fluctuation (gain)/ loss, net	(57)	(115)	78	(172)	223	311
(f) Share of loss from Limited Liability Partnerships (Refer note 4)	445	931	-	1,248	-	598
(g) Other expenses	264	344	1,495	608	2,991	3,775
<b>Total expenses</b>	<b>1,142</b>	<b>1,620</b>	<b>7,405</b>	<b>2,634</b>	<b>14,492</b>	<b>18,894</b>
<b>6 (Loss)/ profit before exceptional items and tax expense (4-5)</b>	<b>(533)</b>	<b>(973)</b>	<b>389</b>	<b>(1,506)</b>	<b>434</b>	<b>(200)</b>
7 Exceptional items (Refer note 5)	-	-	-	-	389	389
<b>8 Net (loss)/ profit before tax expense (6+7)</b>	<b>(533)</b>	<b>(973)</b>	<b>389</b>	<b>(1,506)</b>	<b>823</b>	<b>189</b>
<b>9 Tax expense, net</b>						
Current tax charge/ (credit)	-	-	(54)	-	19	(53)
Provision/ (reversal) - foreign withholding taxes (Refer note 7)	1	-	71	1	135	157
MAT charge/ (credit)	-	-	62	-	35	53
<b>Total tax expense</b>	<b>1</b>	<b>-</b>	<b>79</b>	<b>1</b>	<b>189</b>	<b>157</b>
<b>10 Net (loss)/ profit for the period/ year (8-9)</b>	<b>(534)</b>	<b>(973)</b>	<b>310</b>	<b>(1,507)</b>	<b>634</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	(4)	(1)	-	(5)	(8)	(8)
<b>12 Total comprehensive income for the period/ year (10+11)</b>	<b>(538)</b>	<b>(974)</b>	<b>310</b>	<b>(1,512)</b>	<b>626</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	(0.10)	(0.17)	0.06	(0.27)	0.12	0.01
(b) - Diluted	(0.10)	(0.17)	0.06	(0.27)	0.12	0.01

**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, 2018	March 31, 2018
	Unaudited	Audited
<b>A ASSETS</b>		
<b>1 Non-current assets</b>		
Property, plant and equipment	22	29
Intangible assets	5,290	5,595
Financial assets		
Investments	62,958	64,406
Loans	36	35
Other financial assets	234	234
Income tax asset (net)	2,728	2,494
Deferred tax asset (MAT credit entitlement)	425	425
Other non-current assets	283	288
	<b>71,976</b>	<b>73,506</b>
<b>2 Current assets</b>		
Financial assets		
Loans	5	6
Trade receivables	1,345	1,364
Cash and cash equivalents	279	211
Other current assets	46	61
	<b>1,675</b>	<b>1,642</b>
<b>Total assets (1+2)</b>	<b>73,651</b>	<b>75,148</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
Equity share capital	56,200	56,200
Other equity	16,490	18,034
<b>Total equity</b>	<b>72,690</b>	<b>74,234</b>
<b>Liabilities</b>		
<b>2 Non-current liabilities</b>		
Provisions	1	1
	<b>1</b>	<b>1</b>
<b>3 Current liabilities</b>		
Financial liabilities		
Trade payables	499	415
Other financial liabilities	56	49
Other current liabilities	10	51
Provisions	112	112
Income tax liabilities (net)	283	286
	<b>960</b>	<b>913</b>
<b>4 Total liabilities (2+3)</b>	<b>961</b>	<b>914</b>
<b>Total equity and liabilities (1+4)</b>	<b>73,651</b>	<b>75,148</b>

**Notes:**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on October 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.

Particulars	Quarter ended			Year to date figures for the six months		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Share of profit/ (loss) from Subex Assurance LLP	128	(475)	-	(347)	-	635
Share of loss from Subex Digital LLP	(445)	(456)	-	(901)	-	(598)
<b>Total</b>	<b>(317)</b>	<b>(931)</b>	<b>-</b>	<b>(1,248)</b>	<b>-</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.

- 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 September 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 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.
- 11 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: October 31, 2018

Vinod Kumar Padmanabhan  
Managing Director & CEO

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