

SUBEX LIMITED

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103
Statement of Audited Standalone Financial Results for the quarter and year ended March 31, 2019

(₹ in Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	Audited	Unaudited	Audited	Audited	Audited
	(Refer note 11)		(Refer note 11)		
Income					
1 Revenue from operations	514	276	452	1,916	17,993
2 Share of profit from Limited Liability Partnerships (Refer note 4)	492	20	176	165	635
3 Other income	7	1	1	10	66
4 Total income (1+2+3)	1,013	297	629	2,091	18,694
5 Expenses					
(a) Employee benefits expense	174	183	156	739	6,248
(b) Finance costs	2	1	7	4	547
(c) Depreciation and amortisation expense	153	158	154	625	703
(d) Marketing and allied service charges	130	130	120	513	6,712
(e) Exchange fluctuation loss/ (gain), net	175	36	(56)	39	311
(f) Share of loss from Limited Liability Partnerships (Refer note 4)	402	462	343	1,765	598
(g) Other expenses	125	128	94	861	3,775
Total expenses	1,161	1,098	818	4,546	18,894
6 Loss before exceptional items and tax expense (4-5)	(148)	(801)	(189)	(2,455)	(200)
7 Exceptional items (Refer note 5)	-	-	-	-	389
8 Net (loss)/ profit before tax expense (6+7)	(148)	(801)	(189)	(2,455)	189
9 Tax expense, net					
Current tax (credit)/ charge	-	-	-	-	(53)
Provision/ (reversal) - foreign withholding taxes (Refer note 7)	(3)	-	(7)	(2)	157
MAT charge/ (credit)	-	-	-	-	53
Total tax expense	(3)	-	(7)	(2)	157
10 Net (loss)/ profit for the period/ year (8-9)	(145)	(801)	(182)	(2,453)	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	4	(2)	4	(3)	(8)
12 Total comprehensive income for the period/ year (10+11)	(141)	(803)	(178)	(2,456)	24
13 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	56,200	56,200	56,200
14 Other equity	-	-	-	14,949	18,034
15 (Loss)/ earnings per share (of ₹ 10/- each) (not annualised in case of the interim periods):					
(a) - Basic	(0.03)	(0.14)	(0.03)	(0.44)	0.01
(b) - Diluted	(0.03)	(0.14)	(0.03)	(0.44)	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	
	March 31, 2019	March 31, 2018
	Audited	Audited
A ASSETS		
Non-current assets		
Property, plant and equipment	18	29
Intangible assets	4,987	5,595
Financial assets		
Investments	64,369	64,406
Loans	35	35
Other balances with banks	418	-
Other financial assets	234	234
Income tax asset (net)	2,730	2,494
Deferred tax asset (MAT credit entitlement)	425	425
Other non-current assets	281	288
	73,497	73,506
Current assets		
Financial assets		
Loans	4	6
Trade receivables	842	1,364
Cash and cash equivalents	97	211
Other financial assets	6	-
Other current assets	33	61
	982	1,642
Total assets	74,479	75,148
B EQUITY AND LIABILITIES		
Equity		
Equity share capital	56,200	56,200
Other equity	14,949	18,034
Total equity	71,149	74,234
Liabilities		
Non-current liabilities		
Provisions	1	1
	1	1
Current liabilities		
Financial liabilities		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	1	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	267	415
Other financial liabilities	2,658	49
Other current liabilities	17	51
Provisions	112	112
Income tax liabilities (net)	274	286
	3,329	913
Total liabilities	3,330	914
Total equity and liabilities	74,479	75,148

Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 13, 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 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 profit/ (loss) from Limited Liability Partnerships are as follows:

(₹ in Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	Audited (Refer note 11)	Unaudited	Audited (Refer note 11)	Audited	Audited
Share of profit from Subex Assurance LLP	492	20	176	165	635
Share of loss from Subex Digital LLP	(402)	(462)	(343)	(1,765)	(598)
Total	90	(442)	(167)	(1,600)	37

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, 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. Considering the aforesaid valuation, the management is of the view that, the carrying value of its investment in subsidiaries as at March 31, 2019 is appropriate.
- 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. The Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 10,650,000 options effective from February 05, 2019 to the eligible employees.
- 11 The figures of last quarter of current year and previous year are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures for the nine months of the respective year.
- 12 Considering the Restructuring as detailed in note 3 above, the figures of year to date are not comparable to figures of the corresponding year to date figures presented in these financial results.

Place: Bengaluru
Date: May 13, 2019

Vinod Kumar Padmanabhan
Managing Director & CEO

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

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Statement of Audited Consolidated Financial Results for the quarter and year ended March 31, 2019

(₹ in Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	Audited (Refer note 13)	Unaudited	Audited (Refer note 13)	Audited	Audited
Income					
1 Revenue from operations	10,187	8,228	8,065	34,812	32,432
2 Other income	40	27	37	101	140
3 Total income (1+2)	10,227	8,255	8,102	34,913	32,572
4 Expenses					
(a) Employee benefits expense (Refer note 5)	4,875	4,872	4,219	19,105	17,471
(b) Finance costs	54	54	58	216	775
(c) Depreciation and amortisation expense	138	116	103	483	517
(d) Exchange fluctuation (gain)/ loss, net	512	128	447	(171)	1,650
(e) Other expenses	2,618	2,599	2,580	10,572	9,884
Total expenses	8,197	7,769	7,407	30,205	30,297
5 Profit before exceptional items and tax expense (3-4)	2,030	486	695	4,708	2,275
6 Exceptional items (Refer note 6)	-	-	1,166	-	1,166
7 Net profit before tax expense (5+6)	2,030	486	1,861	4,708	3,441
8 Tax expense, net					
Current tax charge/ (credit)	98	68	(127)	274	(171)
Provision/ (reversal) - foreign withholding taxes (Refer note 8)	240	227	244	885	789
MAT charge	-	-	-	-	53
Deferred tax charge/ (credit) (Refer note 9)	402	(15)	240	1,027	702
Total tax expense	740	280	357	2,186	1,373
9 Net profit for the period/ year (7-8)	1,290	206	1,504	2,522	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 gain/ (loss) on translation of foreign operations	118	(298)	(786)	(390)	(210)
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Re-measurement gain/ (loss) on defined benefits plan	6	(15)	(25)	(38)	(30)
Total other comprehensive income	124	(313)	(811)	(428)	(240)
11 Total comprehensive income for the period/ year (9+10)	1,414	(107)	693	2,094	1,828
12 Paid up equity share capital [face value of ₹ 10 (March 31, 2018: ₹ 10)]	56,200	56,200	56,200	56,200	56,200
13 Other equity	-	-	-	23,210	21,745
14 Earnings per share (of ₹ 10/- each) (not annualised in case of the interim periods)					
(a) - Basic	0.23	0.04	0.27	0.45	0.37
(b) - Diluted	0.23	0.04	0.27	0.45	0.37

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Statement of Consolidated Assets and Liabilities

(₹ in Lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
	Audited	Audited
A ASSETS		
Non-current assets		
Property, plant and equipment	540	656
Goodwill on consolidation	65,882	65,882
Other intangible assets	7	63
Financial assets		
Loans	503	439
Other balances with banks	420	75
Other financial assets	234	234
Income tax asset (net)	3,039	2,810
Deferred tax asset (including MAT credit entitlement)	624	552
Other non-current assets	478	537
	71,727	71,248
Current assets		
Financial assets		
Loans	121	134
Trade receivables	8,539	9,290
Cash and cash equivalents	3,947	3,007
Other balances with banks	252	295
Other financial assets	4,537	5,250
Other current assets	526	544
	17,922	18,520
Total Assets	89,649	89,768
B EQUITY AND LIABILITIES		
Equity		
Equity share capital	56,200	56,200
Other equity	23,210	21,745
Total equity	79,410	77,945
Liabilities		
Non-current liabilities		
Provisions	305	280
Deferred tax liabilities(net)	1,928	826
	2,233	1,106
Current liabilities		
Financial liabilities		
Borrowings	-	3,215
Trade payable		
- total outstanding dues of micro enterprises and small enterprises	7	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	827	1,331
Other financial liabilities	2,961	1,511
Other current liabilities	2,452	3,230
Provisions	729	712
Income tax liabilities (net)	1,030	718
	8,006	10,717
Total liabilities	10,239	11,823
Total equity and liabilities	89,649	89,768

Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 13, 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):

(₹ in Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	Audited	Unaudited	Audited	Audited	Audited
	(Refer note 13)		(Refer note 13)		
Total income	1,013	297	629	2,091	18,694
Net (loss)/ profit before tax expense	(148)	(801)	(189)	(2,455)	189
Net (loss)/ profit for the period/ year	(145)	(801)	(182)	(2,453)	32
Total comprehensive income for the period/ year	(141)	(803)	(178)	(2,456)	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 March 31, 2019, December 31, 2018, and March 31, 2018 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ 5 Lakhs, Nil and ₹ 342 Lakhs, respectively, and that for the year ended March 31, 2019 and March 31, 2018 amounting to ₹ 40 Lakhs and ₹ 725 Lakhs, respectively.
- 6 Represents foreign currency translation reserve gain recognised on account of liquidation of foreign subsidiary.
- 7 As at March 31, 2019, the Group assessed the carrying value of its goodwill along with carrying value of related Cash Generating Units (‘CGUs’) basis the valuation carried out by an external valuer. Basis the aforesaid valuation, the management is of the view that, the carrying value of its goodwill as at March 31, 2019 is appropriate.
- 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. The Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 10,650,000 options effective from February 05, 2019 to the eligible employees.
- 13 The figures of last quarter of current year and previous year are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures for the nine months of the respective year.
- 14 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
Date: May 13, 2019

Vinod Kumar Padmanabhan
Managing Director & CEO

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