

February 07, 2020

To
The National Stock Exchange of India Limited
BSE Limited
Mumbai, India

Dear Sir/Madam,

Sub: Subex Limited “The Company”- Investor Presentation on February 10, 2020

As per Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the Investor presentation for Q3 of FY 20, along with a presentation on Reduction of Share Capital, which will be presented by the Company at the Earnings Call scheduled to be held at 4.00 PM (IST) on Monday, February 10, 2020.

Kindly broadcast the same on your website.

Thanking you.

**Yours truly,
For Subex Limited**



**G V Krishnakanth
Company Secretary & Compliance Officer**

Subex Limited

CIN - L85110KA1994PLC016663

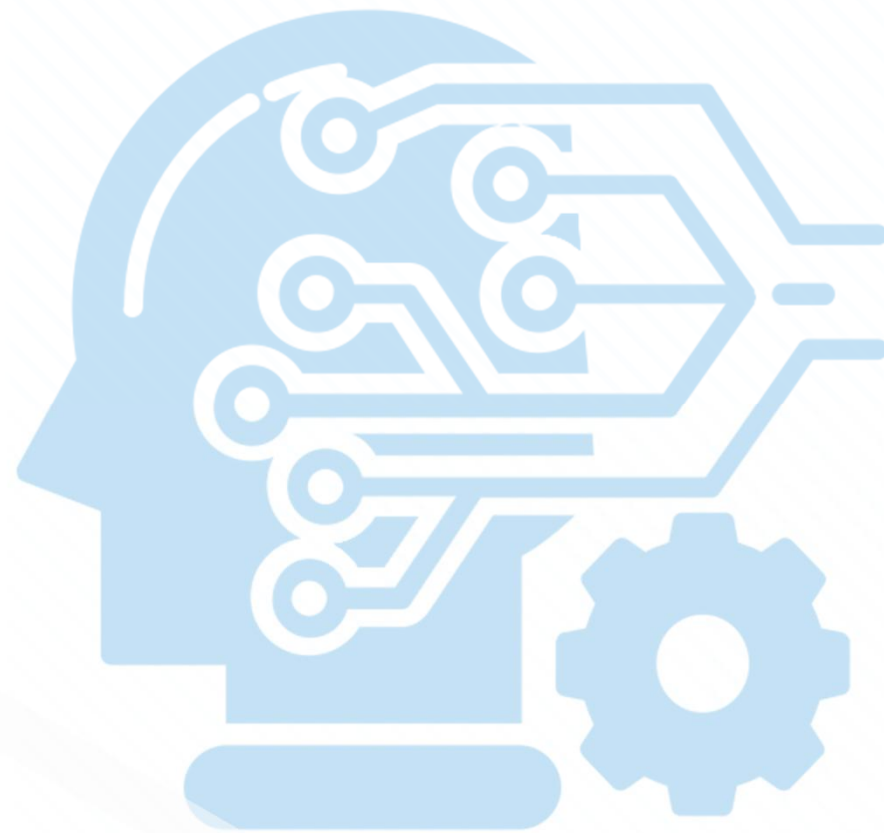
Registered Address: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560103,
India



Subex Limited

Investor Presentation – Q3FY20


February 7, 2020





Forward looking statement

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to successfully integrate acquisitions, competition in our areas of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry



Agenda

- Company Overview
- Investment Rationale
- Quarterly Financial Performance
- Awards & Recognitions





Company Overview

Snapshot

Nature of Business

- Leading telecom analytics solution provider
- Pioneer in enabling Digital Trust for businesses globally
- Focus on privacy, security, risk mitigation, predictability and confidence in data

Management

- Managed by handpicked professionals from a cross-section of the industry
- Supported by an experienced second in line management team

Products

- Revenue Management
- Network Management
- Partner Management
- IOT Security

Financial Performance 9MFY20

REVENUE



₹ 2,607.1 Mn

↑ 6%

EBITDA



₹ 562.0 Mn

Margin
21.6%

Profit (Before Tax & Exceptional Item)



₹ 434.6 Mn

↑ 62%

Subex Today



1994
*Foundation of
Company*



25⁺ *Years of Experience*



800+
Employees



300+
Global Installations



90+
Countries



200+
*Customers
Globally*



35+
Industry Awards



US\$ 2 mn
*R&D spend in
new areas*



US\$ 55 mn
Order Book in FY19

Vision Statement

PURPOSE

Experience the thrill of unlocking possibilities

VISION

Unlocking possibilities by being the World Leader in digital trust

OUR VALUES



THINK CUSTOMER



MAKE IT HAPPEN



DELIVER VALUE



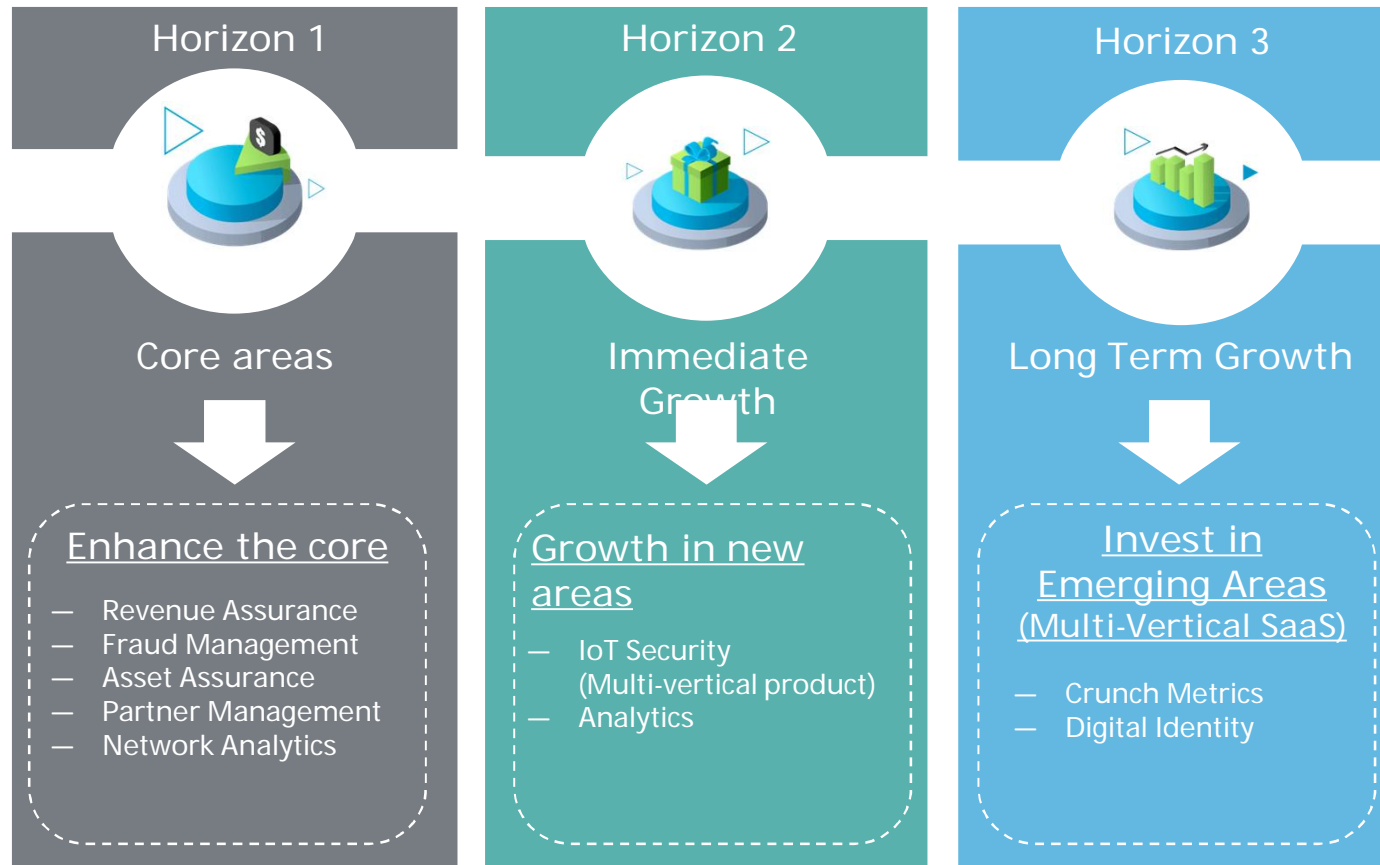
BE OPEN. BE FAIR.



WIN TOGETHER

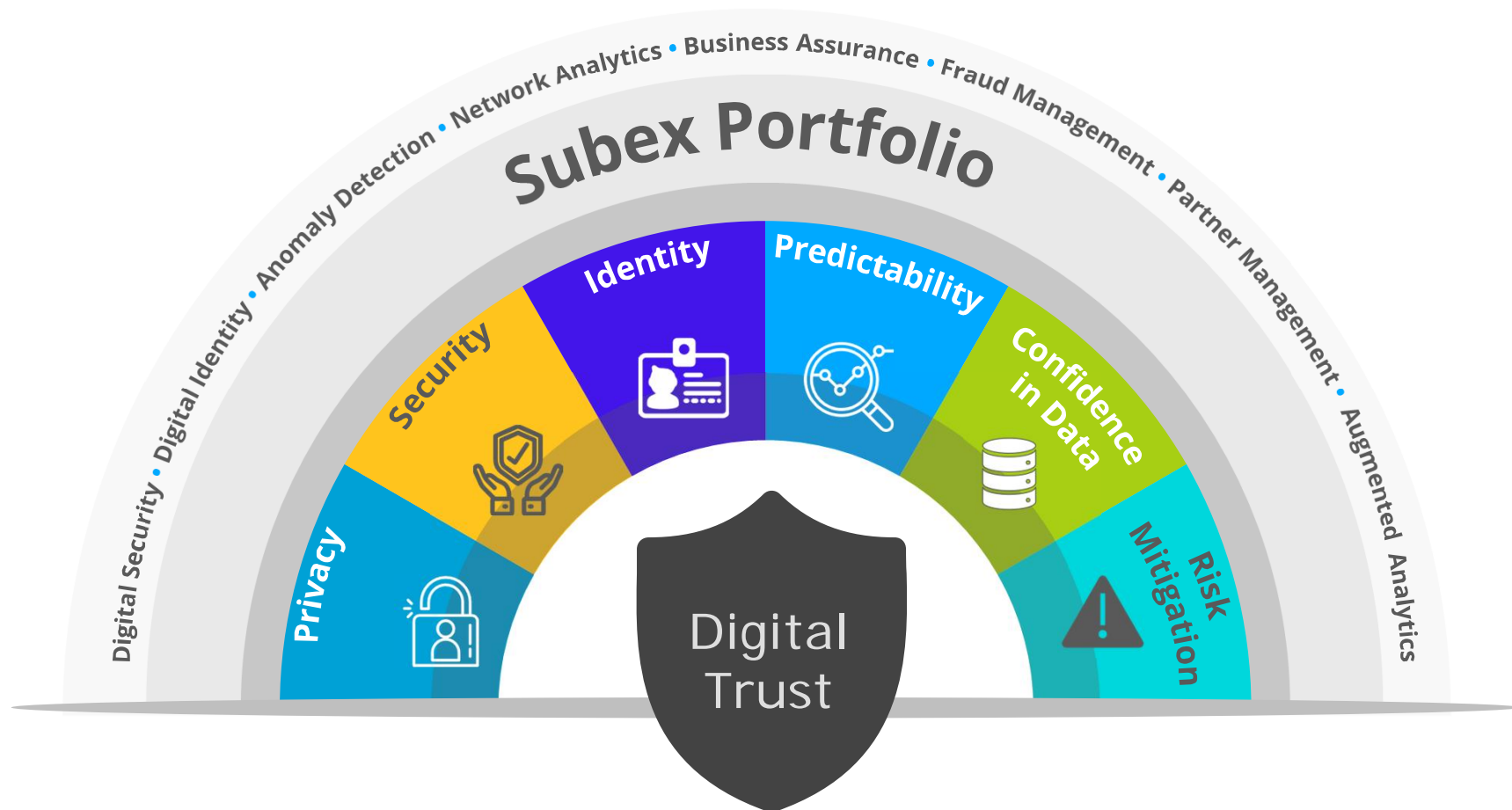
Largest & most trusted player in digital trust as measured by number of devices, users and amount of data transactions

3 Horizon Strategy for Growth



Successful execution of strategy will create substantial value for all stakeholders

Subex – Partner for Digital Trust



Investment Rationale

- ❑ Leader in Digital Trust space and help businesses thrive by leveraging Digital Trust as a competitive advantage
- ❑ Making strong inroads in the multi vertical IoT Security space; IoT Security Market is expected to touch US\$ 4.5 billion by 2022
- ❑ Incubating virtual startups within the organization to diversify into new areas and verticals
- ❑ Sticky Revenue Model with long client relationship
- ❑ Investing heavily in newer areas like Digital Trust and AI/ML, Deep learning based anomaly detection
- ❑ Passionate and committed team led by new CEO Vinod Kumar with clear focus to put the company on growth track
- ❑ Zero debt with operating cash flow of Rs 39 Crore for 9MFY20
- ❑ New initiatives expected to impact revenue growth starting FY21



Quarterly Financial Performance

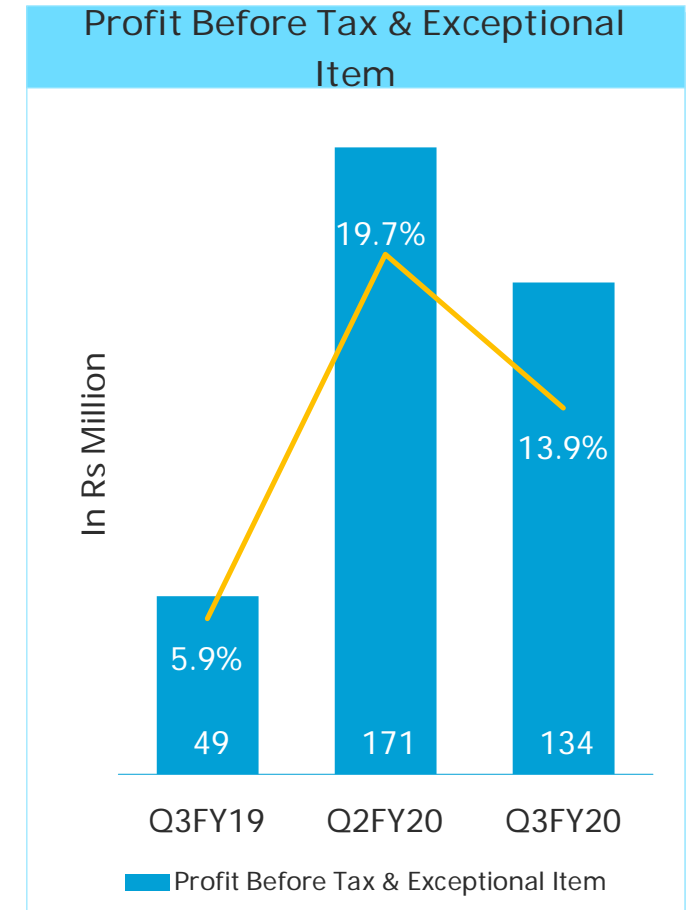
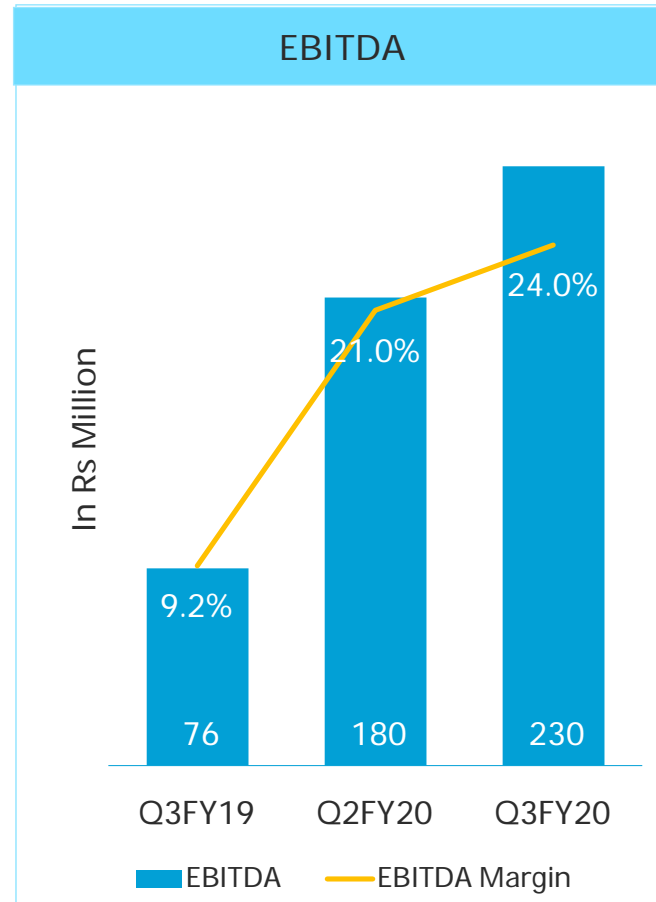
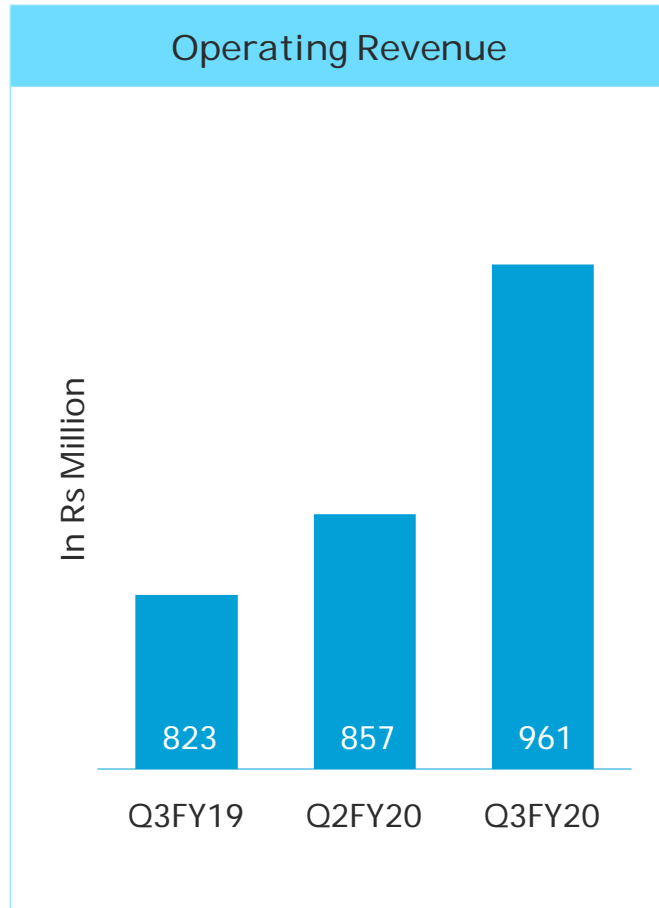
Financial Highlights – Q3FY20

- ❑ Revenue was at Rs 960.9 Million, up 12.2% Q-o-Q and up 16.8% Y-o-Y
- ❑ EBITDA (ex-forex) was at Rs 230.3 Million, up 28.0% Q-o-Q and up 204% Y-o-Y
- ❑ EBITDA margin stood at 24.0%, up 297 bps Q-o-Q and up 1,477 bps Y-o-Y
- ❑ Profit before tax & exceptional items was at Rs 134.3 Million
- ❑ Net loss was at Rs (3,127.2) Million mainly impacted due to one-time exceptional cost of goodwill impairment of Rs (3,147.3) Million
- ❑ EPS was at Rs (5.77)

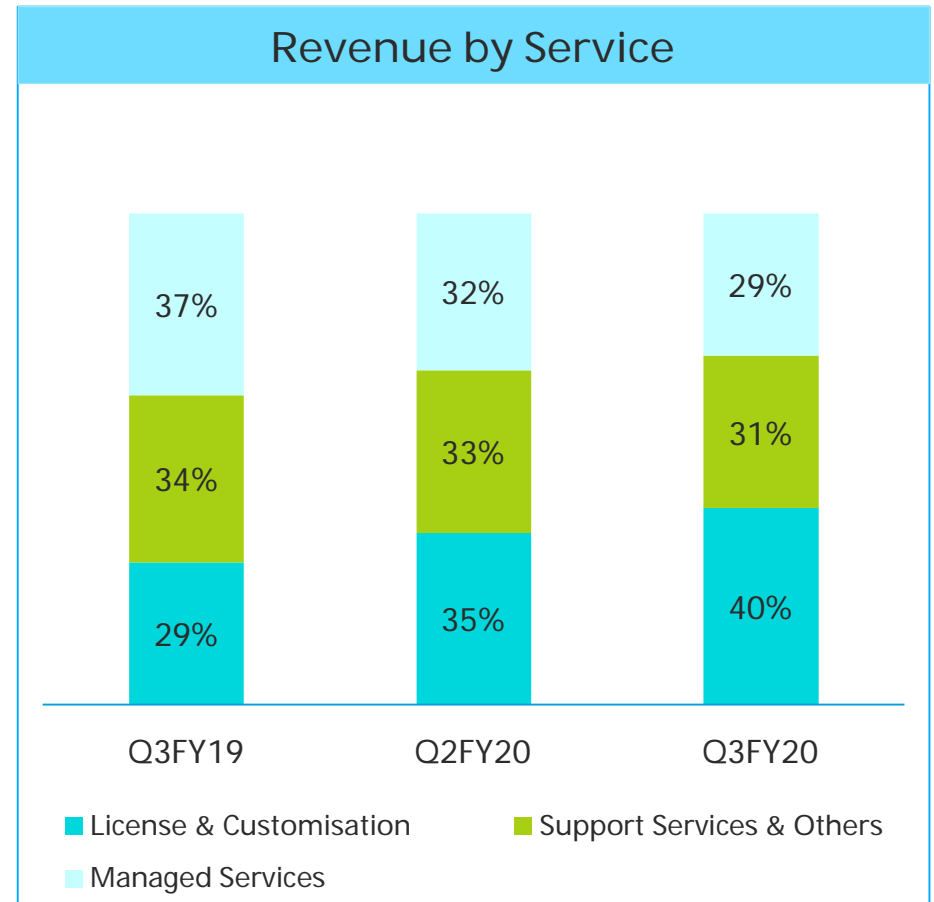
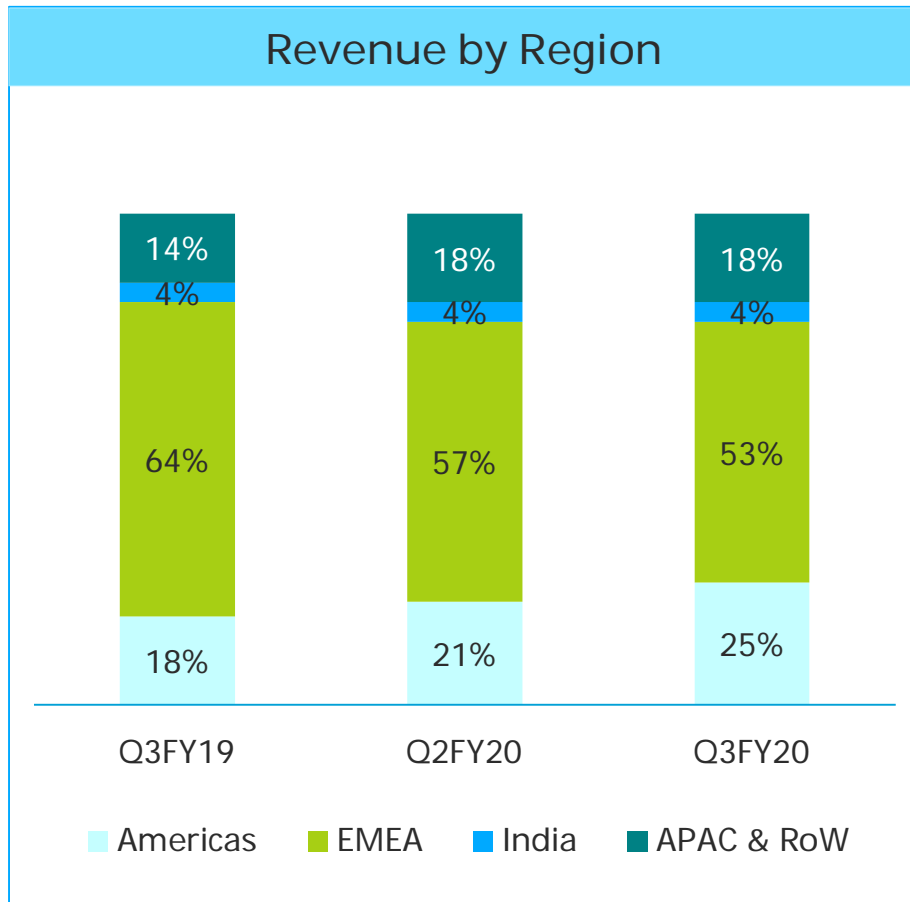
Financial Highlights – 9MFY20

- ❑ Revenue was at Rs 2,607.1 Million, up 5.9% Y-o-Y
- ❑ EBITDA (ex-forex) was at Rs 562.0 Million, up 130% Y-o-Y
- ❑ EBITDA margin stood at 21.6%, up 1,164 bps Y-o-Y
- ❑ Profit before tax & exceptional items was at Rs 434.6 Million, up 62.3%
- ❑ Net loss was at Rs (3,011.3) Million mainly impacted due to one-time exceptional cost of goodwill impairment Rs (3,147.3) Million
- ❑ EPS was at Rs (5.51)
- ❑ Total cash, cash equivalents and free cash flow stood at Rs 683.5 Million and Rs 352 Million respectively

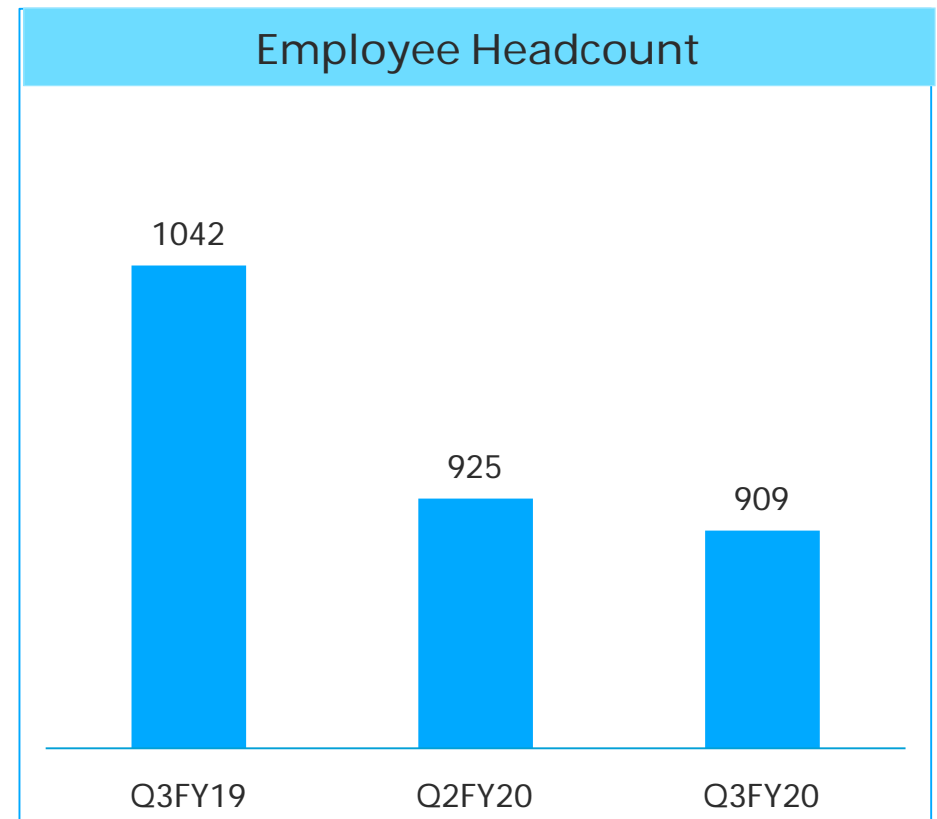
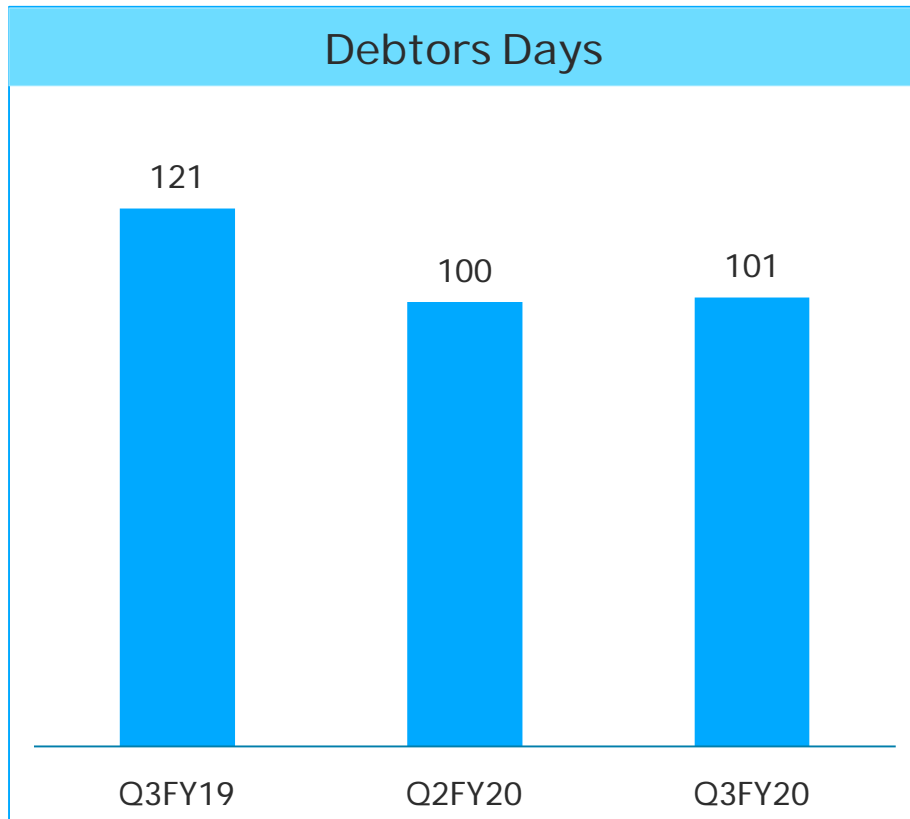
Financial Summary – Q3FY20



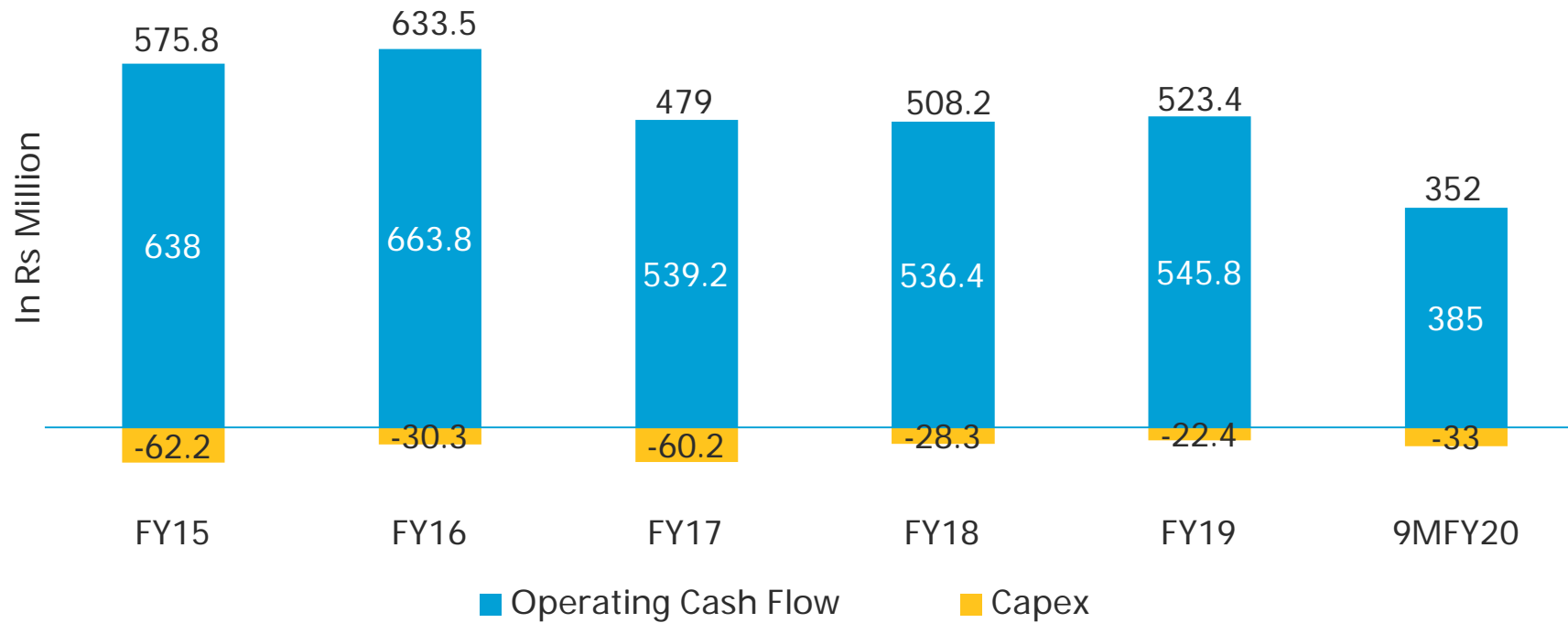
Revenue Metrics – Q3FY20



Operating Metrics – Q3FY20



Free Cash Flow Overview



Consolidated Financial Performance – Q3FY20

Particulars (All Figures in Rs Million)	Q3 FY20 31-Dec-19	Q2 FY20 30-Sep-19	Q-o-Q Growth %	Q3 FY19 31-Dec-18	Y-o-Y Growth %	9M FY20 31-Dec-19	9M FY19 31-Dec-18	Y-o-Y Growth %
Income								
Revenue from operations	960.9	856.7	12%	822.8	17%	2,607.1	2,462.5	5.9%
Other income	5.2	14.0		2.7		22.8	6.1	
Total income	966.1	870.7	11%	825.5	17%	2,629.9	2,468.6	7%
Employee benefits expense	455.6	443.7		487.2		1,330.2	1,423.0	
Other expenses	275.0	233.1		259.9		714.9	795.4	
EBITDA	230.3	179.9	28%	75.7	204%	562.0	244.1	130%
EBITDA Margin %	24.0%	21.0%	297	9.2%	1,477	21.6%	9.9%	1,164
Depreciation	36.7	37.8		11.6		111.6	34.5	
Finance Cost	13.3	14.2		5.4		42.5	16.2	
Exchange fluctuation (gain)/ loss, net	51.2	(29.2)		12.8		(3.9)	-68.3	
Profit before tax and exceptional items	134.3	171.1	(22%)	48.6	176%	434.6	267.8	62%
Exceptional items	(3,176.6)	0.0		0.0		(3,176.6)	0.0	
Profit before Tax	(3,042.3)	171.1		48.6		(2,742.0)	267.8	
Tax Expenses	84.9	108.1		28.0		269.3	144.6	
Net Profit / (Loss)	(3,127.2)	63.0	NA	20.6	NA	(3,011.3)	123.2	NA

Consolidated Financial Performance – 9MFY20

Particulars (All Figures in Rs Million)	9M FY20 31-Dec-19	FY 19 31-Mar-19	FY 18 31-Mar-18	FY 17 31-Mar-17	FY 16 31-Mar-16
Income					
Revenue from operations	2,607.1	3,481.2	3,243.2	3,573.3	3,224.6
Other income	22.8	10.1	14.0	115.4	18.0
Total income	2,629.9	3,491.3	3,257.2	3,688.7	3,242.6
Employee benefits expense	1,330.2	1,910.5	1,747.1	1,587.1	1,603.4
Other expenses	714.9	1,057.2	988.4	1,165.1	898.7
EBITDA	562.0	513.5	507.7	821.1	722.5
<i>EBITDA Margin %</i>	21.6%	14.8%	15.7%	23.0%	22.4%
Depreciation	111.6	48.3	51.7	49.5	42.7
Finance Cost	42.5	21.6	77.5	204.0	615.2
Exchange fluctuation (gain)/ loss, net	(3.9)	0.0	116.6	(1,089.0)	(646.9)
Profit before tax and exceptional items	434.6	470.8	344.1	(336.2)	(615.8)
Exceptional items	(3,176.6)	0.0	0.0	0.0	0.0
Profit before Tax	(2,742.0)	470.8	344.1	(336.2)	(615.8)
Tax Expenses	269.3	218.6	137.3	96.1	127.3
Net Profit / (Loss)	(3,011.3)	252.2	206.8	(432.3)	(743.1)

Key Clients

EMEA



Asia



Americas



200+
Global customers

300+ Installation in
90+ Countries

Executive Management Team



Vinod Kumar

CEO & Managing Director

Vinod is responsible for leading the strategic direction for the company and driving its execution by fostering the right culture of leadership and talent development. Prior to becoming the CEO and Managing Director, Vinod served as a COO of Subex where he spearheaded several initiatives that helped the company engage with its customer as a long-term strategic partner. These initiatives, in turn, helped Subex emerge as a global leader in Revenue Management space.



Shankar Roddam

Chief Operating Officer

Shankar is the Chief Operating Officer, responsible for Sales, Marketing, Engineering and Delivery. He is a management professional with close to two and half decades of experience in Telecommunications, Cloud and PaaS. He holds a Management degree from IMDR Pune, with a specialization in Sales & Marketing with minor in Systems. He is an undergrad in Electronics Telecommunications Engineering and is a graduate in Triple Mathematics.



Venkatraman GS

Chief Financial Officer

Venkatraman GS is the Chief Financial Officer of Subex and has over 20+ years of industry experience, across all facets of Finance function. He is a B.Com graduate with Honours and holds an MBA degree in Finance. Prior to his current role, he was the Finance Controller for Mindtree. He has worked with large companies like Accenture, Wipro and Pepsi in the past and has experience in the areas of Enterprise Risk Management, Project Financials, Financial Reporting, Business Planning and Management Reporting.



Mohan Sitharam

Chief Human Resources Officer

Mohan manages human capital and human resources (HR) functions at Subex. He has nearly two decades of HR experience at Mindtree, HCL, Mphasis, and ANZ. Mohan has rich experience in change management, leadership development, mergers and acquisitions, public listing, global employment norms, and employer branding. He holds both Senior Professional in HR (SPHR) and Global Professional in HR (GPHR) certifications from the HR Certification Institute, Virginia, US.

Executive Management Team



Rohit Maheshwari

Head of Strategy & Products

Rohit is responsible for delivering business growth using innovation and product strategy. He leverages his expertise in artificial intelligence (AI), analytics and digital services to contribute to Subex's solutions and enables its clients to build new offerings, drive business growth and deliver great customer experience. Before joining Subex, Rohit worked with companies like Crompton Greaves and Kirloskar Electric Company. He is a graduate in electrical and electronics engineering from University of Mysore



Kiran Zachariah

Head of IoT security

Kiran is a leader in the field of IoT Security Solutions. He is responsible for building and strengthening Subex's presence in IoT Security by driving revenue growth, setting and executing the strategic and technology direction of IoT Security business, building the current team to capitalize on Subex's investment in IoT space. He has over 17 years of telecom experience in security, network analytics, machine learning. He also heads Procurement & IT function of Subex.



Suraj Balachandran

Head of Sales – EMEA & APAC

Suraj is responsible for strategy and direction of Subex's sales organisation in EMEA & APAC. With 23 years of experience in global ICT industry, he relentlessly focus on forging long term association with customers. In his current role, he works with the Regional Vice Presidents to help them exceed their business goals, by providing effective guidance & executive coverage. Suraj has been previously associated with Jamcracker Inc., Critical Path Inc., and Crompton Greaves Ltd. in sales leadership positions and is a graduate from the Indian Institute of Management, Kozhikode.

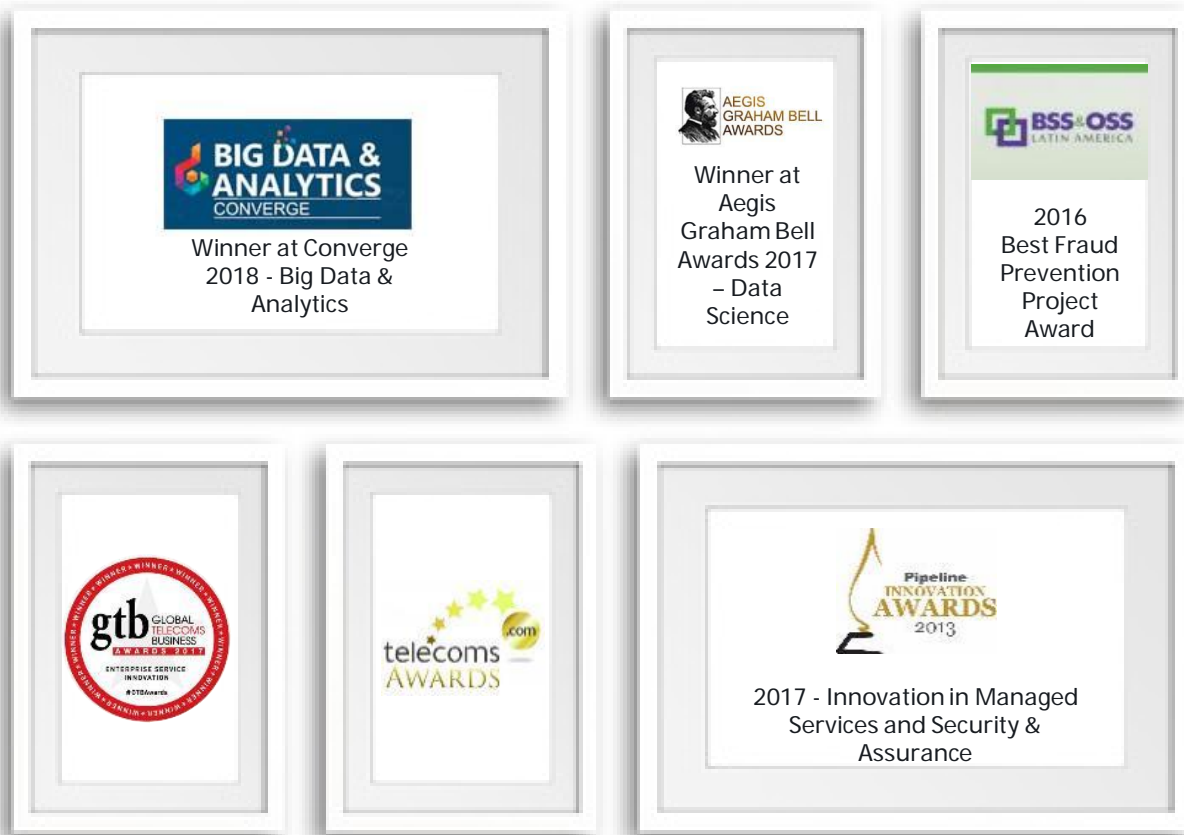


Bhavna Singh

General Counsel

Bhavna heads the company's legal functions. Bhavna has over 20 years of legal experience across major IT corporations like Accenture, Wipro and Sun Microsystems, as well as consulting firms like PwC. She has held senior positions in Contracting and Compliance, with rich experience in Software Products and Technology law.

Awards & Recognition



35+

Industry
recognized
awards



Thank You

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Subex Capital Restructuring – Key Highlights

Investor update February 07, 2020

Subex Capital Restructuring

Key Objective

- To support future prospect of growth and add value to the Company and its Shareholders, the Company now proposes to re-align the relationship between its capital and assets

Reduction of Share Capital

Reduction of Capital – Change in face value of equity shares from existing Rs 10 to Rs 5

- **Key Benefits**
 - Would enable the Company to have a rational structure - Commensurate with its remaining business and assets
 - Realistic reflection of the financial performance and better return ratios (RoE, RoCE, RoA)
 - Scheme, if approved, would enable the Company to explore opportunities for the benefit of its Shareholders, including in the form of dividend payments, in terms of the applicable law
 - The Scheme of reduction - will result in making the Company's balance sheet leaner and downsized
- **Reduction conditional upon**
 - Approvals from Stock exchanges/SEBI
 - Approval of shareholders of the company
 - Approval by the National Company Law Tribunal (NCLT)

Reduction of Share Capital .. cntd

- **Other Key Features**

- Would help the Company position itself better in the market, and undertake business activities efficiently
- No outlay on the part of the company and therefore, liquidity position remains intact
- No adverse impact on the Company's ability to honor its commitments or meet its liabilities
- The proposed Scheme would be for the overall benefit of the Company, its creditors, Shareholders and all other stakeholders

- **Effect of the Scheme**

- The proposed reduction of capital - By reducing the share capital and Securities Premium Account of the Company against its Accumulated Losses, shall be reflected on the Effective Date, in the following manner

In Rs Million

Particulars	Pre-Reduction	Proposed Reduction	Post-Reduction
Paid up share Capital	5,620	2,810	2,810
Securities Premium account	2,670	1,030	1,640
Profit & Loss (Dr) – Accumulated losses	3,840	3,840	-

Indicative Time lines

Particulars	Indicative timelines
Application to Stock Exchanges for NOC/Observation letter, post board meeting on 7 th Feb 2020	8 Feb 2020
Receipt of comments from SEBI/Stock exchanges followed by NOC/Observation letter	45 -60 days (approx.)
Intimate the stock exchange about notice and explanatory statement to be sent to the shareholders for EGM (related to capital reduction) including noting of the NOC/ Observation letter received from Stock exchange and appointment of scrutinizer	2 days after receipt of NOC
Shareholder resolutions for capital reduction process to be passed through e-voting/ postal ballot	30 days from intimation of postal ballot
Application (along with the scheme and other ancillary documents) to be filed with the NCLT for reduction of share capital of the Company	2 days after receipt of postal ballot approval
NCLT to give notice or direct that notice to be given to the following, seeking their representations and objections (if any): - To RD, ROC, SEBI and the creditors	2 weeks from date of filing
Period up to which representations/ objections may be received by the Company / NCLT from RD, ROC, SEBI and the creditors	Up to 90 days (approx.)
Final hearing of the NCLT for approval of the capital reduction	Within 30 days of above
Receipt of order of NCLT along with the Form of Minute and File certified copies of the final orders of NCLT with the ROC	Approx by Sept end

All the key updates / disclosures will be made available at the website of the Company at <https://www.subex.com/news-events/>

FAQs

1. What is the objective of the proposed capital reduction?

A. *The proposed capital reduction would facilitate the transition by the Company to a rational financial structure, which is commensurate to its business and assets, and would be instrumental in supporting the future growth prospects of the Company, including consequential value accretion to the shareholders of the Company. The proposed capital reduction, once implemented, would also enable the Company to consider distributing its profits to its shareholders by way of dividend, etc.*

2. What shall the capital reduction entail for the Company, and other stakeholders (once effected)?

A. *The proposed capital reduction shall become effective only after necessary shareholder and statutory approvals and would have an effect of reducing the share capital and securities premium account, by adjusting such amounts against the accumulated book losses of the Company. The reduction of share capital would take effect only by way of reduction in nominal value (face value) of each fully paid-up equity share from Rs 10 to Rs 5 and would not entail any outflow for the shareholders of the Company.*

3. Would there be any change in the shareholding pattern, or the percentage of stake held by any shareholder?

A. *The reduction of capital shall be on proportionate basis and shall not entail any change in shareholding of any shareholder of the Company.*

4. Would there be any adverse impact of the proposed capital reduction on the market capitalization of the company or its shareholders' wealth?

A. *There shall not be any adverse impact on the market capitalization of the Company, or any effect on the shareholders' wealth, on account of the proposed scheme.*

5. What approvals would the proposed capital reduction be subject to?

A. *The proposed scheme for reduction of capital would be effective only after necessary approvals/ no-objection certificates have been received from the stock exchanges, shareholders (vide special resolution – to be passed through e-voting and postal ballot), SEBI, NCLT and other prescribed regulatory authorities.*

6. Would there be any impact on the liquidity position of the Company or its ability to honour its commitments?

A. *There shall not be any outlay on the part of the Company and therefore liquidity position remains intact. Also, there will be no adverse impact on the Company's ability to honour its commitments or meet its liabilities in the future.*

7. Would the scheme of reduction of capital affect the listing of shares of the company?

A. *No. The shares of the Company shall continue to be listed on all the stock exchanges where they are presently listed.*

8. Would there be any income tax implications in the hands of the shareholders upon reduction of capital?

A. *Tax implications in the hands of each shareholder upon reduction of capital could be a fact specific exercise, and it would be advisable to seek suitable advise/ opinion from your tax consultant in this regard.*



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Thank you