

Chairman's Statement

Message from

Anil Singhvi
Chairman of the Board



Dear Shareholders,

The global pandemic caused by COVID-19 has resulted in 'the new normal', which has led to a disruption in lives, livelihoods, and businesses, worldwide. Despite the challenges posed by the pandemic, I am pleased to say that the management, through active guidance and support from the Board, was able to navigate through the uncertainty adeptly. Today, we are a zero-debt Company with a strong balance sheet and a net cash balance of over ₹ 140 crores, giving considerable scope to invest in many exciting areas, even in this challenging environment.

I have always valued how Subexians rise to meet every challenge and opportunity. On behalf of the Board, I thank them for taking the company to new heights during the last year. Their determination and passion symbolize our values and vision statement in adapting to unforeseen challenges to ensure that all our customer projects were uninterrupted, especially at a time when our customers needed us the most.

A look back at our journey over the last 10 years.

Overall, during the period FY10 to FY17, Company went through a very difficult period; one marked by a failed acquisition, losses, declining revenues, negative cash flow, and above all, a deteriorated reputation. It was a tumultuous period for all stakeholders during which the world expected the Company to declare bankruptcy, and customers too, were concerned over their ongoing projects with Subex. Despite the hardships Company had to face in the last decade, none of its customers left us.

The Board steered the company through this difficult period and handled intense negotiations with the bondholders to convert the majority of the FCCB debt into equity. This helped in resolving a major issue of the long-term debt overhang and was a significant milestone in the journey of Subex. Without the overhanging challenge of debt, the Company now has the flexibility and resources to look towards new areas of investment and innovation.

In the year 2018, Company extended into new areas outside the core products of revenue management. This required inviting strategic partners and talent to grow in these areas. The board also made changes to the management, who relooked at the strategic focus of the business and identified a 3-Horizon framework of growth for the business, in close discussions with the board.

The Company's performance and cash position have consistently been improving since FY19 onwards. Today, we are a zero-debt Company with a strong balance sheet and a net cash balance of over ₹ 140 crores, giving considerable scope to invest in many exciting areas.

Retaining Key Talent – Launch of ESOP Scheme

While the focus shifted entirely towards sustainability and growth of the business, it was equally important to invest and retain the best of talent, being the core asset within the Company. The equity base of the Company is widely held with no Promoter shareholding. The launch of the Subex Employees Stock Option Scheme-2018 enabled the Company to buy up to 5% of the Equity Shares from the Secondary Market thereby strengthening the management and creating an opportunity for Subex to be one of the larger employee-owned Indian Listed Companies. This also helps the Company in providing stability and retaining key talent.

Right sizing the Balance Sheet - Capital reduction Scheme

As we addressed the issue of the debt overhang due to the FCCB loan and converted them to equity, the board realized that there was a need to address and resolve the issue of the Company's large equity capital base and accumulated losses, to create value for the shareholders.

To serve the purpose, the Company underwent a scheme of capital reduction. As part of the exercise, the capital reduction was carried out by writing off the accumulated losses against the share capital and share premium of the company and reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each. After its full implementation in FY21, the capital reduction resulted in making the balance sheet leaner and downsized. The restructuring of the financials today enables the Company to have a rational structure that is commensurate with the current business, allowing it to serve the equity better.

Financial highlights FY21

The Company performed well in FY21 and closed the year with growth and profitability. The revenue for the year stood at ₹ 372 crores as against ₹ 365 crores in FY20, which translates to a 2% growth. EBITDA margins ended at ₹ 98.5 crores as against ₹ 94.2 crores in FY20. Profit after tax was at ₹ 51.7 crores as against a loss of ₹ 269.2 crores in FY20.

Rewarding your patience – Shareholder's Dividend

The Company's performance and cash position have consistently been improving since FY19 onwards. The Company today has a cash balance of over ₹ 140 crores as against peak debt of ₹ 602 crores in the past.

Given the overall improvement in the business performance and healthy cash balances, your board felt it was time to reward the shareholders for their immense patience and support to the

company over the years. It is a matter of great satisfaction to me, that the board announced a dividend of 15% after a long gap of 14 years.

Business update – FY22 Outlook

We are making good progress in the new areas, and I am also excited to see the early interest for HyperSense, our new augmented analytics platform, and a path towards a successful transition to a SaaS-based business. As the industry continues to focus on enhanced efficiency and reduced capital expenditure, the prospects of Subex continue to be brighter than ever, indicating better performance ahead with the clarity of purpose and mission of stability. Further, with Digital Trust gaining more prominence both at a business and societal level, Subex's offerings will continue to increase their relevance in the digital era and look forward to the future with more excitement. You will find more detailed information in further sections of this annual report on Subex's journey towards enabling Trust in the digital ecosystem.

I take this opportunity to thank all the stakeholders once again for standing by the Company. The Company remains resolutely committed to deliver enhanced value to all stakeholders and feels confident to achieve results through our focus on core and growth areas.



With Warm regards,
Anil Singhvi
Chairman of the Board