After reducing debt, Subex looks at new business opportunities

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Telecom product company Subex has managed to come out of its troubled past by reducing its debt, tweaking its business model and looks to grow revenues.

Subex has managed to convert ₹447 crore of FCCBs, out of a total of ₹492 crore, making it almost a debt-free company after 4 years. The company has managed to do this before the bonds mature, in March 2017.

The Bengaluru-based company had allotted equity shares in tranches to cover its FCCBs issued over a period of time. In July 2012, Subex had issued secured bonds worth $127.721 million, which was supposed to mature in July 2017 at a conversion price of ₹22.79 per share and an interest rate of 5.7 per cent. Of this, bonds worth $36.3 million were to be mandatorily converted into equity shares at a conversion price of ₹22.79 per share.

Surjeet Singh

Further, due to this conversion, an interest payable component of ₹104 crore which was earmarked, has now reversed and no longer needs to be paid, the company said in a statement.

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This development coincided with its annual results. Subex reported revenues of ₹323 crore in the 2016 fiscal, 10 per cent down when they posted revenues of ₹359 crore in 2015 fiscal. Net profits for 2016 came in at ₹10 crore, down when compared to ₹58 crore in 2015 fiscal.

Talking to *BusinessLine*, Surjeet Singh, Managing Director & CEO, said that with the debt almost taken care of, the company will look to aggressively invest and opens up strategic opportunities in its business. Subex provides technology to global telcos such as Telstra to help them improve their operational efficiency and get more revenues from subscribers.

Singh is confident that in the 2017 fiscal, Subex, with a project pipeline of $150 million in total contract value, largely due to the fact that it is discarding its software licence model to that of managing a telco's platform.

"We knew where to go but had this balance-sheet overhang," said Singh, adding that with $13 million in operating cash and operating margins of 23 per cent will help fuel growth forward.