
October 7, 2010

**CARE REAFFIRMS THE RATINGS TO THE BANK FACILITIES OF
SUBEX LIMITED**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	166.00	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities		PR3 (PR Three)	Reaffirmed
Total Facilities	166.00		

Rating Rationale

The ratings factor in the experience of the promoters and management in the software product development business, the wide product range with high market share in revenue maximization area, large client base with global presence, successful integration of acquired subsidiaries and conversion of a portion of the Foreign Currency Convertible Bonds (FCCBs) into equity. The ratings are constrained by relatively higher gearing level, decline in revenue during FY10 and highly competitive nature of the industry. The rating also takes into account the restructuring of FCCBs.

Improvement in the global economic situation will be crucial for the growth Subex. In addition, conversion of FCCBs into equity before March 2012 (due date for redemption), improvement in profitability margins and management of foreign exchange risk would be the key rating sensitivities. The company's ability to raise resources for redemption of FCCBs, if the same are not converted, will also remain crucial.

Company Profile

Subex was founded originally as Subex Systems Ltd. in 1994 by Mr. Subash Menon. Subex offers software products and services to telecom customers in Revenue Maximization and Service Fulfillment area. Subex has six products for revenue maximization solutions and seven for service fulfillment solutions. It has sales and support offices in the US, Canada, UK, UAE, India, Singapore and Australia. Subex is an ISO 9001:2000 certified company and has three wholly-owned subsidiaries, namely, Subex Technologies Ltd, Subex (UK) Ltd, Subex Americas Inc., which in turn have nine wholly-owned subsidiaries.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications



Press Release

On a total income of Rs.475 cr, Subex registered a net profit of Rs.100 cr in FY10. During Q1FY11, Subex registered a PAT of Rs.3 cr on a total income of Rs.119 cr.

Analyst Contact

Name: Sharmila Jain

Tel # +91-080-22117141

Mobile # +91-9886024430

Email:sharmila.jain@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>