

## Subex sells activation business to NetCracker

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Subex Ltd, a Bangalore-based telecom software provider, has sold its activation business to NetCracker, a US-based telecom operation support system provider and part of the NEC group. Financial details were not revealed.

"We have gone back from where we had started. The Syndesis acquisition did not work for us. Our company will now focus in the business optimisation space," Subhash Menon, chairman and managing director, Subex, said.

He said Subex will now focus on core products such as managed services and ROC solutions.

Subex acquired Syndesis, a Canadian firm, in 2007 for \$164 million, but it turned out to be a bad move at the time of 2008 global crisis.

A part of the deal was funded through foreign currency convertible bonds (FCCBs) which were to mature

in March 2012. The activation business was worth \$15 million and contributed around 20% to the product business last year. "Activation is more on the technology side and we had only one piece of the puzzle. Hence, the business did not see much traction and was contributing to our revenue," he said adding that part of the proceeds will be used to pay off the company debt.

"The decision will help us grow our revenue by over 20% annually. We even expect to have better EBIT (earnings before interest and tax) margins," Menon said. The company will be looking at both organic as well as inorganic growth to achieve this, however, as of now no acquisitions are on the cards, he said. Experts say the decision to sell its activation business could stem from the fact that FCCBs of over \$90 million were due for conversion in March.

"Overall, the move should prove beneficial for the company," said an analyst.