

THE ECONOMIC TIMES

Subex confident of meeting revenue guidance in FY09

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BANGALORE

HAVING gone through a challenging phase during FY08 by posting a loss and drop in order from a major customer, the Bangalore headquartered telecom solution company, Subex is confident of meeting its revenue and profit guidance during FY09. Subex CEO Subash Menon said, "We cannot afford to miss our revenue second year in a row...we have given a safer guidance."

For FY08, Subex posted a consolidated revenue of Rs 540.77 crore with a net loss of Rs 68.10 crore. This is against a consolidated revenue of Rs 371.09 crore and a net profit of Rs 67.56 crore in FY07.

For FY09, Subex has given a product revenue guidance of \$125 million with a net profit of \$12 million. Subex which acquired a Canadian based company Syndesis for \$164.5 million in January 2007, had to face numerous integration issues.

Primarily these were around the large complexity revolving around the technology and its integration. Terming these as 'judgmental errors', Mr Menon said there were many deals in the pipeline which got converted as orders but the same could not translate into revenue.

The Subex CEO said they were not able to hire the right kind of people when it came to executing these orders. Further, what compounded these issues were the lack of proper understanding of some of the clients of Syndesis.

To top this, there were certain cost issues associated with the integration. However, Mr Menon said that their fixed costs have more or less been stabilised while adding that the current fiscal would be 'regular year' with no major surprises.

For FY09, Subex has got a backlog and plus annuity order of \$85 million and the qualified pipeline stands at around \$347 million with 31% success rates.

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