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www.subex.com

The financial details the Company for the previous 3 years as per the audited statement of Accounts and for the nine months ended Dec 31, 2019 as per the unaudited financial statements:

Name of the Company: Subex Limited

(Rs in Crores)

Particulars	For the nine months ended 31 st December 2019	As per Last Audited Financial Year	1 Year prior to the Last Audited Financial Year	2 Year prior to the Last Audited Financial Year
	As on 31st Dec 2019	2018-19	2017-18	2016-17
	(Unaudited)	(Audited)	(Audited)	(Audited)
Equity Paid up Capital	562	562	562	507
Reserves and surplus	301	306	312	265
Carry forward losses	(384)	(157)	(132)	(135)
Net worth	479	711	742	637
Miscellaneous Expenditure	-	-	-	-
Secured Loans	-	-	-	86
Unsecured Loans	-	-	-	-
Fixed Assets	12	50	56	5
Income from Operations	7	19	180	324
Total Income	7	21	181	337
Total Expenditure*	234	45	179	341
Profit before Tax	(227)	(25)	2	(4)
Profit after Tax	(227)	(25)	0.32	(7)
EPS (Basic)	(4.15)	(0.44)	0.01	(0.13)
Book value per Equity Share	8.52	12.66	13.21	12.57

* Total expenditure includes exceptional item of Rs. 46 crore(loss) in FY 16-17, Rs. 4 crore (gain) in FY 17-18 and Rs. 214 crore(loss) in FY 19-20.

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For and on behalf of
Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN- 06563872

Place- Bengaluru

Date- 07/02/2020

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Subex Limited

CIN - L85110KA1994PLC016663

Registered Address: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560103, India

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
Subex Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Subex Limited (the "Company") for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Rajeev Kumar
per Rajeev Kumar
Partner

Membership No.: 213803

Unique Document Identification Number: 20213803AAAAAH3328



Place: Bengaluru

Date: February 07, 2020

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SUBEX LIMITED

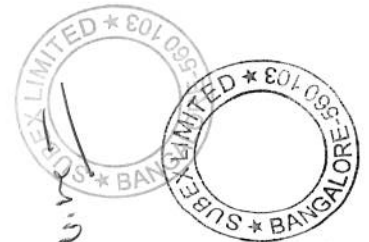
Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019

Particulars	Quarter ended			Year to date figures for the nine months ended			(₹ in Lakhs)
	December 31, 2019		September 30, 2019	December 31, 2018		December 31, 2019	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
Income							
1 Revenue from operations	284	187	276	690	1,402	1,916	
2 Share of profit from Limited Liability Partnerships (net) (Refer note 3)	-	118	-	-	-	-	
3 Other income	5	26	1	41	3	10	
4 Total income (1+2+3)	289	331	277	731	1,405	1,926	
Expenses							
Employee benefits expense	164	148	183	485	565	739	
Finance costs	8	8	1	24	2	4	
Depreciation and amortisation expense	171	172	158	513	472	625	
Marketing and allied service charges	129	133	130	396	383	513	
Exchange fluctuation (gain)/loss, net	(4)	(10)	(36)	(39)	(136)	39	
Share of loss from Limited Liability Partnerships before exceptional items (net) (Refer note 3)	248	-	442	288	1,690	1,600	
Other expenses	125	142	128	390	736	861	
5 Total expenses	841	593	1,078	2,057	3,712	4,381	
6 Loss before exceptional items and tax expense (4-5)	(552)	(262)	(801)	(1,326)	(2,307)	(2,455)	
Exceptional items							
Provision no longer required written back	100	-	-	100	-	-	
Provision for claim settlement [Refer note 4(ii)]	(1,054)	-	-	(1,054)	-	-	
Impairment of intangible asset [Refer note 4(i)]	(3,599)	-	-	(3,599)	-	-	
Share of loss from Subex Assurance LLP [Refer note 3 and 4 (i)]	(16,808)	-	-	(16,808)	-	-	
Impairment of intangible assets and investment in subsidiary	(21,361)	-	-	(21,361)	-	-	
7 Total exceptional items	(21,913)	(262)	(801)	(22,687)	(2,307)	(2,455)	
8 Net loss before tax expense (6-7)	(21,913)	(262)	(801)	(22,687)	(2,307)	(2,455)	
9 Tax expense, net							
Provision/ (reversal) - foreign withholding taxes (Refer note 5)	-	-	-	-	1	(2)	
Total tax expense	-	-	-	-	1	(2)	
10 Net loss for the period/ year (8-9)	(21,913)	(262)	(801)	(22,687)	(2,308)	(2,453)	
Other comprehensive income, net of tax expense							
Items that will not be reclassified subsequently to profit or loss	(2)	(1)	(2)	(4)	(7)	(3)	
Re-measurement loss on defined benefits plan							
12 Total comprehensive income for the period/ year (10+11)	(21,915)	(263)	(803)	(22,691)	(2,315)	(2,456)	
13 Paid up equity share capital							
[face value of ₹ 10 (March 31, 2019: ₹ 10)]	56,200	56,200	56,200	56,200	56,200	56,200	
14 Other equity							
Loss per share (of ₹ 10/- each) (not annualised in case of the interim periods):							
- Basic	(4.04)	(0.05)	(0.14)	(4.15)	(0.41)	(0.44)	
- Diluted	(4.04)	(0.05)	(0.14)	(4.15)	(0.41)	(0.44)	

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Notes:		Year to date figures for the nine months ended				Year ended
		Quarter ended		December 31, 2018		March 31, 2019
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	The above results have been reviewed by the Board of Directors in their meeting held on February 7, 2020.					
2	The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.					
3	Share of profit/(loss) from Limited Liability Partnerships are as follows:					
	Particulars					
	Share of profit/(loss) from Subex Assurance LLP before exceptional items	321	742	20	1,350	165
	Share of loss from Subex Digital LLP	(569)	(624)	(462)	(1,638)	(1,765)
	Total (i)	(248)	118	(442)	(288)	(1,600)
	Share of loss from Subex Assurance LLP (Exceptional items) (ii)	(16,808)	-	-	(16,808)	-
	Impairment of intangible asset and investment in subsidiary	(17,056)	118	(442)	(17,096)	(1,600)
	Total [(i)+(ii)]					
	The Company has presented share of profit and share of loss from Limited Liability Partnerships ("LLP") on net basis as the management considers the net income/expense to be its return on investment in LLP.					
4	(i) Considering the challenges and significant investment requirements of telecom operators which has resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management has carried out the annual impairment exercise in respect of its intangible assets and investment in subsidiaries and basis valuation carried out by an external expert has made an impairment provision of ₹ 3,599 Lakhs towards carrying value of intangible asset and ₹ 16,808 Lakhs towards the carrying value of investment in subsidiary. (ii) On January 23, 2020, the Company has entered into settlement agreement with former MD & CEO and former COO of the company in respect of long drawn litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company has paid an amount of ₹ 820 lakhs (net of ₹ 234 lakhs recoverable from such ex-employees) which has been provided for as at December 31, 2019. Accordingly, the aforesaid litigation is amicably settled.					
5	Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Company.					
6	The Board of Directors in its meeting held on February 07, 2020, has approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ("NCLT") (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. Subject to the consent of the Shareholders and the approval from NCLT and other statutory authorities as and where applicable, the Accumulated Losses of ₹ 38,401 Lakhs as at December 31, 2019 shall be written off against the paid-up share capital of the Company for an amount of ₹ 28,100 Lakhs by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and Securities Premium Account balance for an amount of ₹ 10,301 lakhs.					
7	The Company is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.					
8	Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"), registered and authorised to acquire shares of the Company through secondary market for providing share-based payments to its employees, is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. The shares held by the Trust were reduced on a weighted average basis from outstanding number of shares for computation of basic and diluted EPS of the Company.					
9	Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 311 Lakhs and a lease liability of ₹ 326 Lakhs. The cumulative effect of applying the standard resulted in ₹ 32 Lakhs being debited to retained earnings, net of taxes.					

Place: Bengaluru
Date: February 7, 2020

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Vinod Kumar Padmanabhan
Managing Director & CEO



For further details on the results, please visit our website: www.subex.com

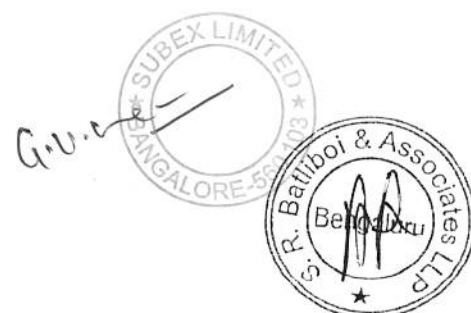
Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Subex Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Subex Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.
4. The Statement includes the results of the Holding Company and its following subsidiaries:
 - a. Subex America Inc.
 - b. Subex Inc.
 - c. Subex (Asia Pacific) Pte Limited
 - d. Subex (UK) Limited
 - e. Subex Middle East, FZE
 - f. Subex Technologies Limited
 - g. Subex Azure Holdings Inc.
 - h. Subex Assurance LLP
 - i. Subex Digital LLP

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S.R. BATLIBOI & ASSOCIATES LLP

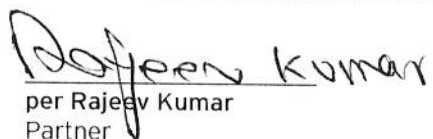
Chartered Accountants

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per Rajeev Kumar
Partner

Membership No.: 213803



Unique Document Identification Number: 2021383AAAAA16177

Place: Bengaluru

Date: February 07, 2020

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SUBEX LIMITED

Registered office: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560 103

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019

Particulars	Quarter ended			Year to date figures for the nine months ended			(₹ in Lakhs)
	September 30, 2019		December 31, 2018	December 31, 2019		December 31, 2018	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
Income							
1 Revenue from operations	9,609	8,567	8,228	26,071	24,625	34,812	
2 Other income	52	140	27	228	61	101	
3 Total income (1+2)	9,661	8,707	8,255	26,299	24,686	34,913	
Expenses							
Employee benefits expense (Refer note 4)	4,556	4,437	4,872	13,302	14,230	19,105	
Finance costs	133	142	54	425	162	216	
Depreciation and amortisation expense	367	378	116	1,116	345	483	
Exchange fluctuation loss/(gain), net	512	(292)	128	(39)	(683)	(171)	
Other expenses	2,750	2,331	2,599	7,149	7,954	10,572	
4 Total expenses	8,318	6,996	7,769	21,953	22,008	30,205	
5 Profit before exceptional items and tax expense (3-4)	1,343	1,711	486	4,346	2,678	4,708	
Exceptional items							
Impairment of goodwill [Refer note 5(i)]	(31,473)	-	-	(31,473)	-	-	
Provision no longer required written back	761	-	-	761	-	-	
Provision for claim settlement [Refer note 5(ii)]	(1,054)	-	-	(1,054)	-	-	
6 Total exceptional items	(31,766)	-	-	(31,766)	-	-	
7 Net (loss)/profit before tax expense (5-6)	(30,423)	1,711	486	(27,420)	2,678	4,708	
Tax expense, net							
Current tax charge	80	1	68	82	176	274	
Provision - foreign withholding taxes (Refer note 6)	163	263	227	647	645	885	
Deferred tax charge/ (credit) (Refer note 7)	606	817	(15)	1,964	625	1,027	
Total tax expense	849	1,081	280	2,693	1,446	2,186	
9 Net (loss)/profit for the period/year (7-8)	(31,272)	630	206	(30,113)	1,232	2,522	
10 Other comprehensive income, net of tax expense							
Items that will be reclassified subsequently to profit or loss:							
Net exchange differences gain/(loss) on translation of foreign operations	595	(124)	(298)	205	(508)	(390)	
Items that will not be reclassified subsequently to profit or loss:							
Re-measurement loss on defined benefits plan	(20)	(25)	(15)	(55)	(44)	(38)	
Total other comprehensive income	575	(149)	(313)	150	(552)	(428)	
11 Total comprehensive income for the period/year (9+10)	(30,697)	481	(107)	(29,963)	680	2,094	
12 Paid up equity share capital (face value of ₹ 10 (March 31, 2019: ₹ 10))	56,200	56,200	56,200	56,200	56,200	56,200	
13 Other equity	-	-	-	-	-	23,210	
14 (Loss)/earnings per share (of ₹ 10/- each) not annualised in case of the interim periods)							
- Basic	(5.77)	0.12	0.04	(5.51)	0.22	0.45	
- Diluted	(5.77)	0.12	0.04	(5.51)	0.22	0.45	

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Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on February 7, 2020.
- The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- The financial results of Subex Limited (Standalone information):

Particulars	Quarter ended			Year to date figures for the nine months ended		
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income	289	331	277	731	1,405	1,926
Net loss before tax expense	(21,913)	(262)	(801)	(22,687)	(2,307)	(2,455)
Net loss for the period/ year	(21,913)	(262)	(801)	(22,687)	(2,308)	(2,453)
Total comprehensive income for the period/ year	(21,915)	(263)	(803)	(22,961)	(2,315)	(2,456)

- Employee benefits expense for the quarters ended December 31, 2019, September 30, 2019, and December 31, 2018 are net of reversal of provision no longer required, in respect of employee incentives relating to sales and delivery commissions, amounting to ₹ Nil Lakhs, ₹ 438 Lakhs and ₹ Nil respectively, and that for the nine months ended December 31, 2019 and December 31, 2018 amounting to ₹ 888 Lakhs and ₹ 35 Lakhs and that for the year ended March 31, 2019 amounting to ₹ 40 Lakhs.

- (i) Considering the challenges and significant investment requirements of telecom operators which has resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management has carried out the annual impairment exercise in respect of carrying value of goodwill and basis valuation carried out by an external valuation expert, has made an impairment provision of ₹ 31,473 Lakhs towards carrying value of goodwill.

- (ii) On January 23, 2020, the Company has entered into settlement agreement with former MD & CEO and former COO of the company in respect of long drawn litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company has paid an amount of ₹ 820 lakhs (net of ₹ 234 lakhs recoverable from such ex-employees) which has been provided for as at December 31, 2019. Accordingly, the aforesaid litigation is amicably settled.

- Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Group.

- Deferred tax charge/ (credit), comprises of deferred tax liability arising on account of tax benefits from amortisation of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of business restructuring effected from November 1, 2017, wherein, the Company's RMIS business and the Digital business was transferred on going concern basis to Subex Assurance LLP and Subex Digital LLP respectively.

- The Board of Directors in its meeting held on February 07, 2020, has approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ("NCLT") (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. Subject to the consent of the Shareholders and the approval from NCLT and other statutory authorities as and where applicable, the Accumulated Losses of ₹ 38,401 Lakhs as at December 31, 2019 shall be written off against the paid-up share capital of the Company for an amount of ₹ 28,100 Lakhs by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and Securities Premium Account balance for an amount of ₹ 10,301 lakhs.

- The Group is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker; accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Group has not made any additional segment disclosures.

- Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"), registered and authorised to acquire shares of the Company through secondary market for providing share-based payments to its employees, is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. The shares held by the Trust were reduced on a weighted average basis from outstanding number of shares for computation of basic and diluted EPS of the Company.

- Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use Asset (ROU) of ₹ 4,816 Lakhs and a lease liability of ₹ 5,052 Lakhs. The cumulative effect of applying the standard resulted in ₹ 442 Lakhs being debited to retained earnings, net of taxes.

Place: Bengaluru
Date: February 7, 2020

Vijay Kumar Padmanabhan
Managing Director & CEO

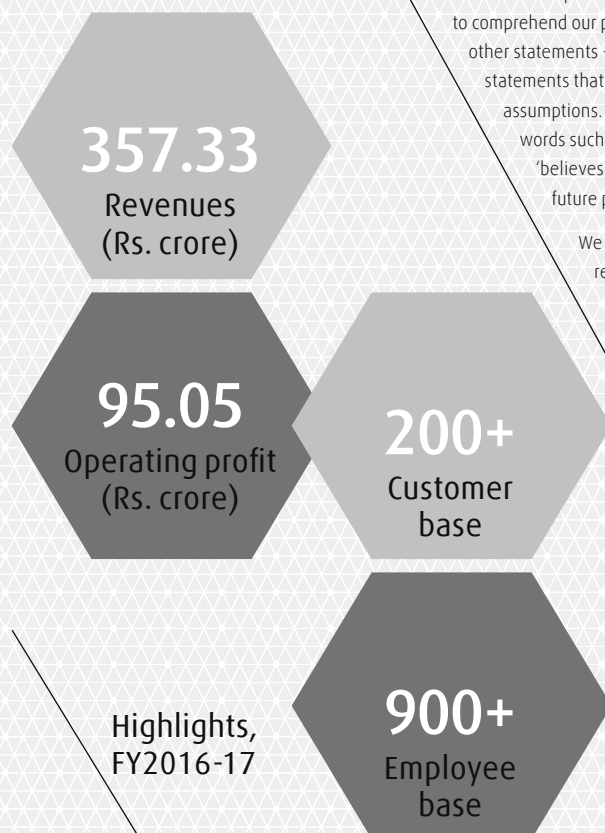
For further details on the results, please visit our website: www.subex.com



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Ring in the new.
Win in the digital world.





Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Ring in the new. Win in the digital world.

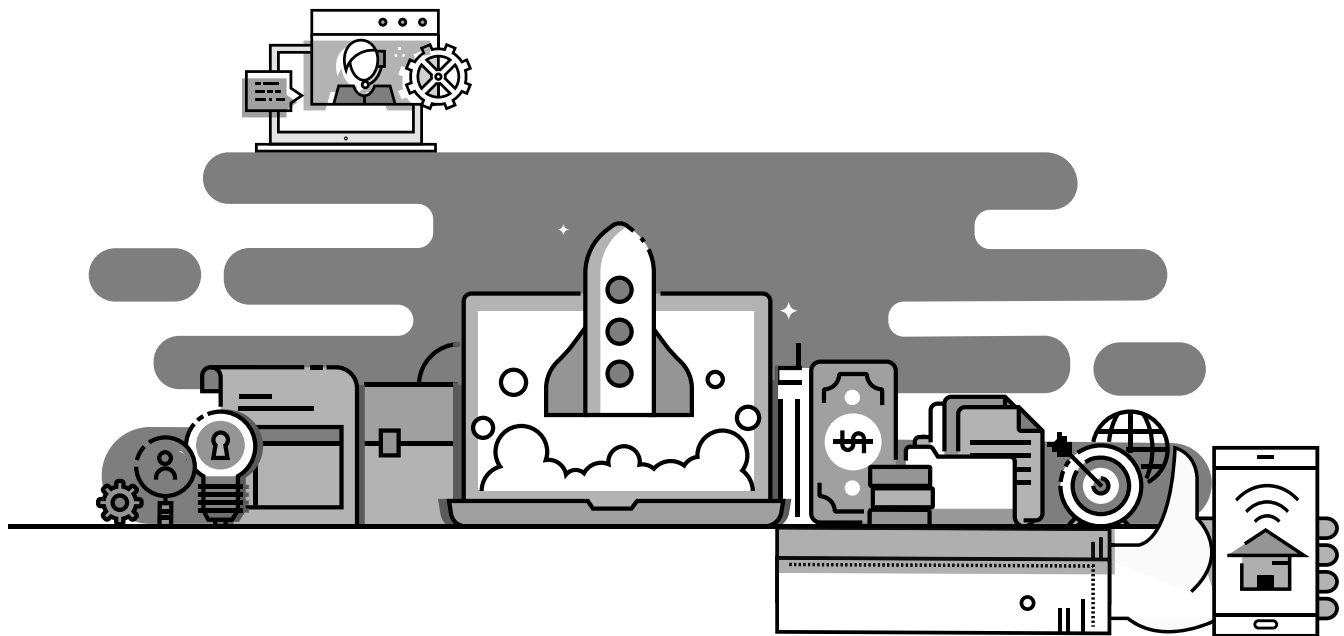
The time has come for Subex to graduate from one level to another.

The time to transform from a telecom business optimisation provider to a telecom analytics solution provider.

The time to graduate from providing limited solutions to global communication service providers to embracing digital transformation.

In helping customers transform their business models, Subex is transforming its own.

Emerging better, stronger and larger. This is Subex 3.0.



Subex is a specialised telecom solutions provider.

Enjoying focused and specialised domain knowledge.

Providing revenue assurance, fraud management, partner settlement, asset assurance, analytics and IoT security.

Empowering telcos to embark on informed strategy.

Helping customers reduce subscriber churn and enhance user experience.

Enhancing competitiveness and taking the customer's business ahead.

Awards and accolades

- Subex and Telefonica Chile won the BSS & OSS Award for the 'Best Fraud Prevention Project' in the 'Best Revenue Assurance /Fraud Solution' category
- Subex and BTC Botswana awarded the prestigious Global Telecoms Business Innovation Awards 2016 in the 'Business Service Innovation' category
- Subex was awarded the Pipeline Innovation Award 2016 in the 'Security & Assurance' category

Background

- Offering cutting-edge solutions for global telecom companies for 25 years
- Driven by a team of experienced professionals, led by Mr. Surjeet Singh (Managing Director and CEO)
- Leading global telecom analytics solution provider
- Pioneered the concept of capex optimisation



Location

- Headquartered in Bengaluru, India
- Global delivery centres in India, the US and the UK
- Subsidiaries in the US, the UK, the UAE, Singapore and India



Listing

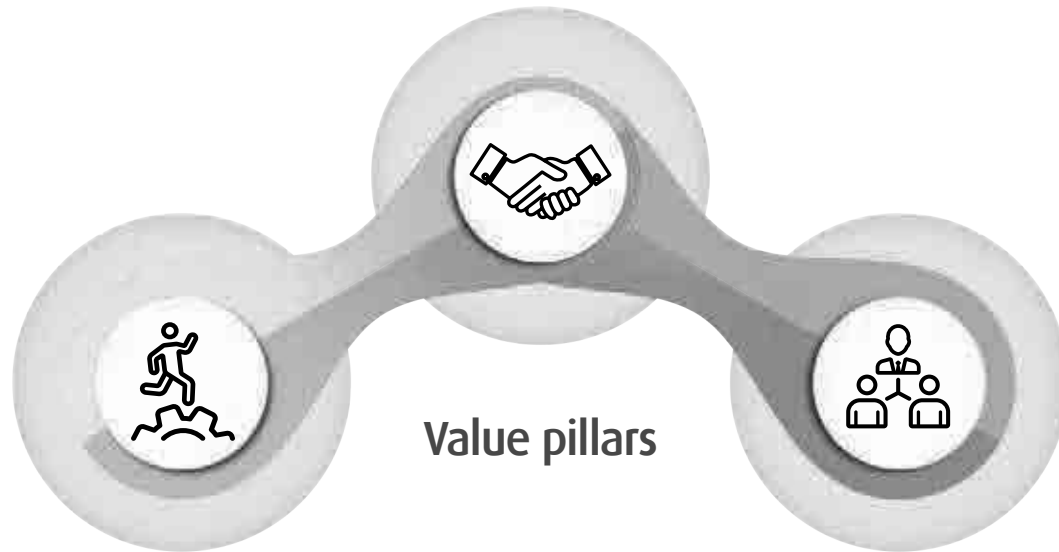
- Equity shares listed on Bombay Stock Exchange and National Stock Exchange. Company's securities listed on the London Stock Exchange and Singapore Stock Exchange



Clientele

- More than 200 clients across more than 90 countries, including 39 of the world's top 50 telecom operators





Value pillars

Drive new business models:
Pivot offerings around revenue, open new revenue streams in emerging business areas and allied services, leverage the partner ecosystem

Enhance customer experience:
Retain existing customers and acquire new customers using analytics, leverage business insights to better understand customer behaviour for deeper engagement

Optimise enterprise:
Enable operational excellence by focusing on maximising revenue and mitigating business risks, ensuring y-o-y cost savings that provide resources for investments

Quality statement

Subexians are committed to achieve total customer satisfaction by delivering high-quality products that meet the needs and expectations of our customers. We are committed to adhere to quality management system requirements and continually improve them.

Customer base

200+

As on 31st March
2017

Employee base

900+

As on 31st March
2017

Installations

300+

As on 31st March
2017

Presence

90+
countries

As on 31st March
2017

Presence

25+
years

As on 31st March
2017

To the stakeholders

We are standing at an important juncture in the history of Subex.

Over the last four years, a considerable focus was invested in transforming our Company from a debt-heavy organisation to a deleveraged Balance Sheet. From a point in FY13 where we had around US\$100 million in debt, we progressively equitised our foreign currency convertible debt and overseas foreign

currency debt. The result is that we stand with a debt of only US\$ 28.76 million and a considerably lighter Balance Sheet. Subsequent to 31st March 2017, the Company has repaid US\$ 12 million loan thereby, reducing the outstanding debt to US\$ 16.76 million.

This transformed Balance Sheet empowered Subex to improve its operating performance. During FY17, Subex reported a 10.81% improvement in revenues



Message from the MD & CEO

“Subex is uniquely positioned as a long-term business partner in the telecom analytics space at a time when telecom players are embarking on their digital transformation journeys.”

and a 46.39% growth in EBITDA. The Company repaid ₹21.1 crore of working capital debt in 2015-16 and ₹18.05 crore in 2016-17, which strengthened our net debt-equity ratio from 0.45 in 2015-16 and to 0.36 in 2016-17, translating into a rating upgrade by India Ratings IND BBB+ from IND BBB.

Sectoral changes

The year under review was marked by exciting realities across the global telecom landscape. We have seen large global telcos acquiring media companies to launch new digital services to own digital content and win the mindshare of millennial consumers who expect a compelling experience across all walks of life. In an emerging economy like India, we saw the emergence of a digital service provider who has disrupted the telecom world by transforming data into a commodity service.

Subex has responded to this reality through a digital

leap. As telcos embark on a new digital transformation journey, creating unlimited opportunities, I foresee Subex playing a critical trust-based role in helping these companies graduate to stronger business models, enhanced customer experience and optimised costs.

I believe that the coming together of these macroeconomic factors and our responsiveness will pave the way for a new chapter in our existence called 'Subex 3.0'.

The Subex 3.0 groundwork

Embracing changes proactively

Globally, the telecom industry is undergoing a dramatic transformation. Revenue models of global telecom companies are graduating beyond traditional avenues like voice and data. Subscriber bases have begun to stagnate following the commoditisation of voice

and data services and cannibalisation by over-the-top players offering similar services. Hence, communication service providers are launching new digital services like cloud and hosting, M2M and IoT, security, IP communication and collaboration, data and analytics, enterprise mobility, finance and payments, among others, with the objective to enhance customer experience, improve loyalty and strengthen revenues.

There is a growing consensus that digital is indeed the future. Digital transformation is enriching the customer experience and increasing efficiency. The advent of digitisation has transformed the way telcos work, attracting engagements with digital content providers, insurance players, app developers and media companies. By 2020, digital services could account for more than 10% of the overall revenues of

global telecom players.

I believe that with great opportunity comes large challenges. The emergence of new business models has widened and deepened risks. For instance, Yahoo's market share declined following the leak of a confidential user base information arising out of hacking. The result of this new and challenging ecosystem is a growing premium on 'end-to-end partner management' as opposed to the conventional 'partner settlement' platform.

Subex is attractively placed to capitalise on this reality. Subex enjoys an established presence in the assurance space; the Company's proven ability to counter security risks are expected to enhance visibility and acceptability in the new sectoral environment.

As telcos struggle with emerging business and technology challenges, they seek engagements with service providers

There is a growing consensus that digital is indeed the future. Digital transformation is strengthening the customer experience and increasing efficiency. The advent of digitisation has transformed the way telcos work, attracting engagements with digital content providers, insurance players, app developers and media companies.

enjoying access to a large data quantum and a corresponding analytics insight. Subex is best positioned to leverage this opportunity. Over the years, the Company has aggregated a large volume of data from diverse installations, which is mined to create new revenue streams, generate critical insights and graduate the end-user experience. This competence in the cutting-edge area of predictive analytics positions Subex as a long-term telecom analytics business partner.

Offering distinctive services

There is increasing evidence to suggest that telcos find the exercise of generating data and extracting usable information difficult on account of domain-related challenges and discrete databases, among other reasons.

Subex is competently placed to address this reality. The Company possesses a large data wealth following years of engagement with large global telecom companies. The result is a competent use of state-

of-the-art analytics to generate business insights around Revenue, Product, Customers and Risk.

With digital transformation, more devices are being connected with, Gartner predicting that 8.4 billion 'connected things' will be in use in 2017, up by 31% from 2016. In such a scenario, increasing focus on IoT security. Subex's IoT security solution monitors and generates alerts to threats in near real-time Internet of Things (IoT) environments. The solution focuses on the concept of holistic 'cyber resilience' from asset and incident discovery and monitoring through response and recovery.

Creating a well-governed organisation

Subex is among the few Indian listed companies in its niche that is professionally-managed around a robust business model. We created an operational leadership team structure capable of managing business operations while fostering a sense of entrepreneurship. Our simplified

organisational structure empowers our people with enhanced accountability and motivates them to innovate. The Company has integrated diverse functions and I am pleased to state that, this has resulted in enhanced organisational efficiency and helped deliver a superior customer experience.

Roadmap for the future

Subex is optimistic of entering a larger number of enduring customer engagements translating into larger ticket contracts. The Subex management is confident that this represents the start of an exciting phase in its journey, which we call Subex 3.0.

In this exciting Subex 3.0 journey, we will transition to becoming a telecom analytics solution provider from a business optimisation provider, which will help telcos embrace digital transformation. In line with this strategy, we unveiled a new logo, which represents our vibrancy, energy and commitment to enhance value for our customers in the digital era.

Our proprietary gold mine of data, coupled with our domain knowledge and technological capabilities puts us in the best position to draw meaningful insights for our telco customers to help them drive new business models, enhance customer experience and optimise their enterprises.

This is an exciting phase in Subex's long and storied 25-year journey and I look forward to what the future holds for the Company and Subexians.

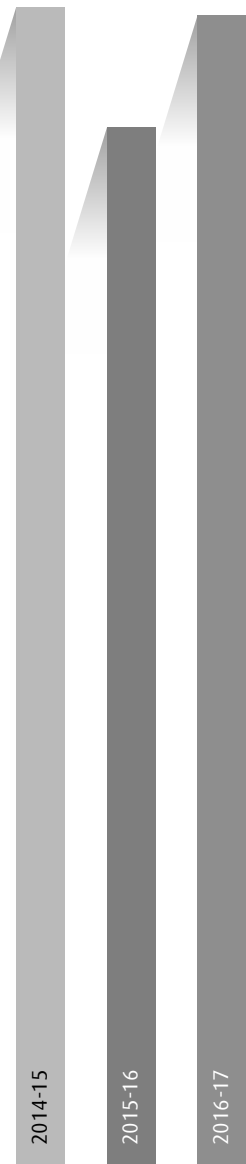
Regards,

Surjeet Singh
*Chief Executive Officer and
Managing Director*

Our performance in numbers

Revenues (₹ crore)

359.83
322.46
357.33

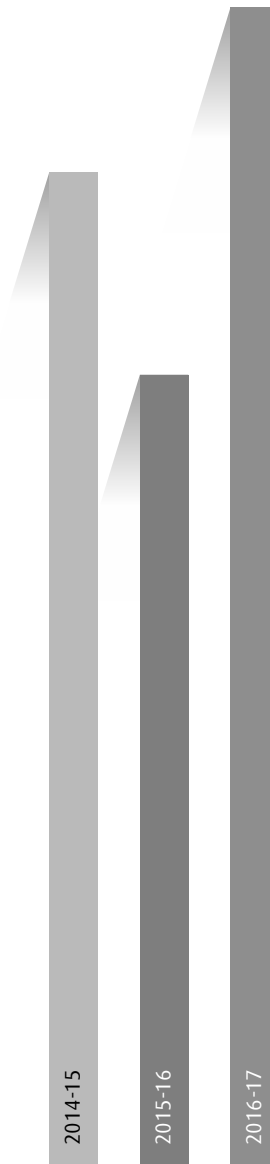


2014-15 2014-15 2014-15



EBIDTA (₹ crore)

85.75
68.27
100.00

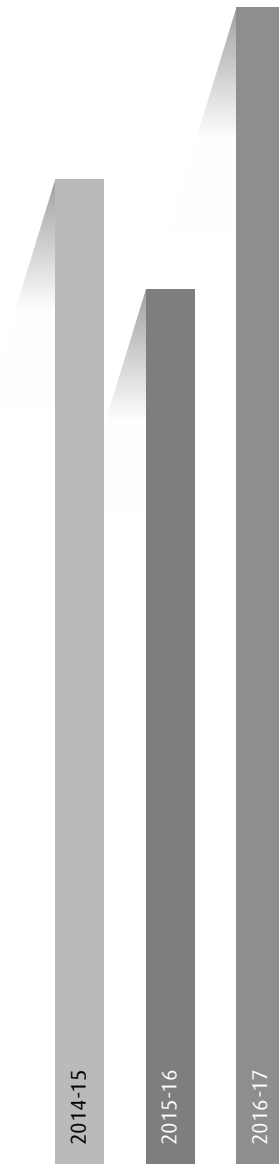


2014-15 2014-15 2014-15



EBIDTA (%)

23.83
21.17
27.99



2014-15 2014-15 2014-15



FY2016-17 proved to be a watershed for the global telecom industry with digitisation emerging as a disruptive force.

This might suggest that the going was easy for us during the year under review, but that would be far from the truth. At a time when our key customers were challenged by large and frequent security breaches, we repositioned our business around

the pillars of 'drive new business model, enhance customer experience and optimise experience' resulting in the launch of Subex 3.0.

As revenues from legacy businesses weakened following the rise of digital service providers and OTT players, telcos became increasingly selective in making fresh business investments. They recognised the growing need to carve out new revenue streams, a superior customer experience and

optimised operations.

To achieve these daunting business objectives, an increasing number of telecom companies turned to specialised service providers like Subex.

At Subex, we needed to understand emerging business priorities and objectives of CSPs to provide retrofitted solutions leading to sustainable revenue streams. We adopted a consultative approach; we evolved from being a product vendor to solutions provider; we



Vinod Kumar
*Wholtime Director and
Chief Operating Officer*



Ashwin Chalapathy
*Wholtime Director,
Chief Technology Officer and
Head of Service Delivery*



**/ Management
commentary**

graduated from limited business engagements to business-strengthening propositions like revenue improvement, cost reduction and risk mitigation; we graduated from one-off customer engagement to customer retention and sustainable revenues.

Subex is evolving its offerings and aligning them in line with the sweeping global changes in the telecom domain. Due to the emergence of digital risks, CSPs are seeking proactive vendor engagements in risk management, making systemic security critical to their existence.

Even as telecom companies are launching IoT networks, their security is emerging as a large responsibility. Gartner indicates that 40 billion devices will be connected by 2020; Subex can play a growing sectoral role through its proprietary IoT security solution. At Subex, we are seeing the concept of risk management extending to the security domain; we are seeing a greater symbiosis between telcos and technology partners during the launch of innovative digital

services; we see the role of partners extending from the conventional interconnect and settlement spaces. This represents the basis of the evolution of our company's product offerings towards solutions.

This landscape also explains why Subex did not just select to evolve its offerings but its organisation itself. We enhanced employee skills, we invested in cutting-edge technologies, we engaged a senior consultant who empowered our sales team in consultative selling and we analysed business processes with the objective to strengthen them. The result is that our customers notified us prior to venturing into new transactions; for example, for our North American customers, we received notifications five days in advance to be able to competently address frauds. We established standard operating procedures in our new operating areas to optimise costs and enhance solutions affordability.

By the virtue of working with telcos across the world for more than two decades, we own a treasure

of data that we are using to convert into meaningful insights through analytic layers. These insights are being used to create an unmatched customer experience, forecast business opportunities and risks for the telcos, strengthening our consultative role. Subex's competitiveness is derived from its deep customer knowledge and ability to bring the value of its analytics to customer environments, which would be difficult to replicate by competitors.

We are under no illusions that this transformation critically hinges on the competence of our people. Previously, the delivery team figured last in the value chain. Following the integration of the service package, the delivery team is engaged in projects from the outset. This progressive change has started showing results: we entered into a multi-year multi-million dollar deal with British Telecom in the partner settlement domain.

Our existing assurance products will help us address large data swathes; our judicious investments

in analytics will accelerate decision making. A prime example of this will be in the realm of real-time revenue management where we assist a digital service provider and disruptor in India to enhance transparency while dealing with its vast customer base.

Over the years, we focused on building a robust governance framework by drawing out detailed operational plans at the beginning of each fiscal. These plans would be reviewed by the executive leadership team each fortnight. We focus on KPIs through automation, making appropriate corrective actions. Our Board comprises seasoned independent Directors drawn from different sectoral backgrounds. We are optimistic of attracting more multi-million dollar and multi-year contracts that will enhance value for our stakeholders.

Key numbers - global telecom industry



Source: GSMA - Mobile Economy 2017

Democratisation of strategy the Operational Leadership Team at Subex

Over the last few months, we were engaged in defining the strategic path for Subex to emerge as a 'partner of choice' for operators seeking to embrace digital transformation. This aspiration warranted broadening the scope of our solutions and services footprint, encompassing revenues, customer experience and operational optimisation.

Any strategy requires a supporting structure, associated people and enabling processes leading to effective execution. In view of this, we formed an Operational Leadership Team (OLT) empowered to define and drive organisational strategy. This OLT was created with a cross-functional mix and diversity, just as in any start-up, expected to define outcomes and deliver tangible results. This was done to reinforce entrepreneurship, ownership and responsibility. The following are the representative quotes we received from some OLT members.



"In keeping with Subex's intrapreneur genetics, the Operational Leadership Team (OLT) is a key element in driving the organisation forward. The OLT is tasked with ensuring the successful execution of critical internal and external facing

initiatives. The OLT initiative has fostered a greater sense of company ownership, while also exposing Subexians from different teams to a comprehensive understanding of how the business functions. We look forward to the challenge of taking this organisation to new heights!"

Ashwin Menon

Associate Director - Business Solutions & Consulting



"OLT is a key initiative that gives equal opportunity for every Subexian in taking the Company to the next level. This initiative shows the trust and faith that ELT has in a Subexian and it demonstrates the true spirit of corporate democracy. Being a part of the

OLT gives us totally diversified problem areas to work with. It gives me pride to be a part of the OLT journey."

Anandakumar K

Director - DBA



"OLT (Operational Leadership Team) is a first-of-its-kind initiative at Subex where 10% of the organisation, under the guidance of the ELT (Executive Leadership Team), came together to tackle internal and external challenges, chart a new course and

realign to LEAP in the new direction. This team has access to other functions, with an opportunity to step into various shoes, bring together experiences, analyse and come up with a way of working to meet various broad objectives like 'Doubling Order Intake', 'Brand Revival' etc. This initiative has encouraged the team to emerge as thought leaders and business owners, going beyond roles and responsibilities to meet organisational goals."

Suraj Balachandran

Associate Vice President - Sales and Account



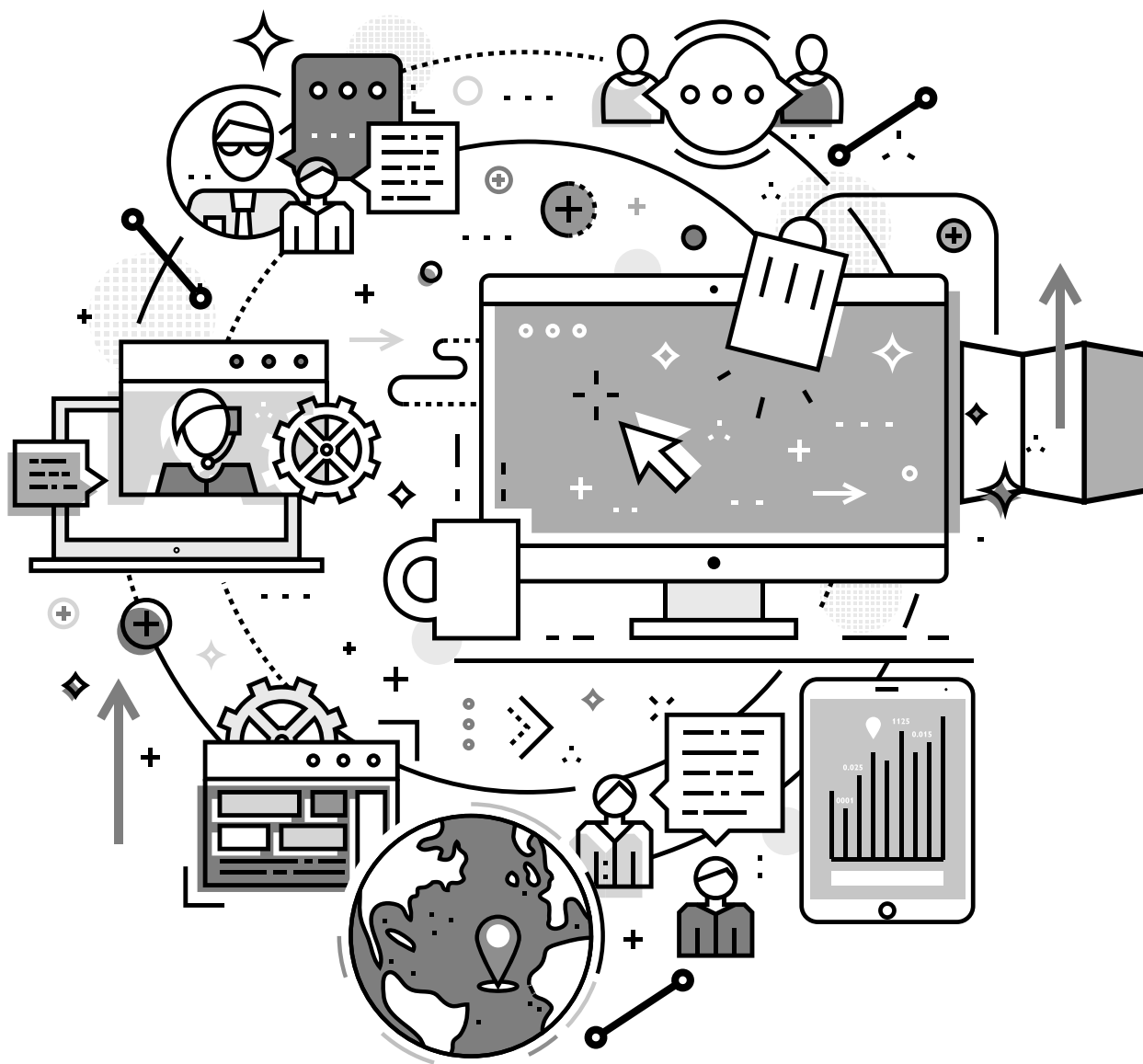
"I feel privileged to be a part of the OLT. We have a great entrepreneurial spirit within our team and the objective is loud and clear. We all want to see Subex to 'LEAP' (a nickname for OLT) to new areas, engage in cooperative creation-led customer

engagement and increase operational efficiency, the result of which would be new revenue streams, happy customers and a sound profitable enterprise to serve them and the community at large across the long-term."

Jitka Roberts

Director - Sales

Creating value through data



Innovations like mobility, cloud computing, social networks and Big Data have transformed businesses. Data is being regarded as a new natural resource that leading businesses are seeking to build a competitive advantage. In the contemporary dynamic telecom environment, CSPs are leveraging massive data volumes through advanced analytics. Through these new-age methods, CSPs are optimising processes and enhancing customer satisfaction.

This is not as easy as it sounds. Just the act of data processing by applying a series of statistical, probabilistic and other advanced algorithms require substantial automation and people resources. As companies struggle to aggregate resources, an increasing number seek one-stop solution providers like Subex.

Subex partners with CSPs, helping identify opportunities to enhance revenues, operational efficiencies and customer retention.

Subex's advanced analytics-as-a-service programme called ROC Insights, mines Big Data to generate precious information that is 'consumable', 'actionable' and 'contextual'. ROC Insights enables CSPs to effectively leverage data by delivering timely insights in less than 8 weeks in a consumable manner and with no implications on their capex. The result: when global CSPs need the right information to reach the right people at the right time, they inevitably turn to Subex.



Case Study

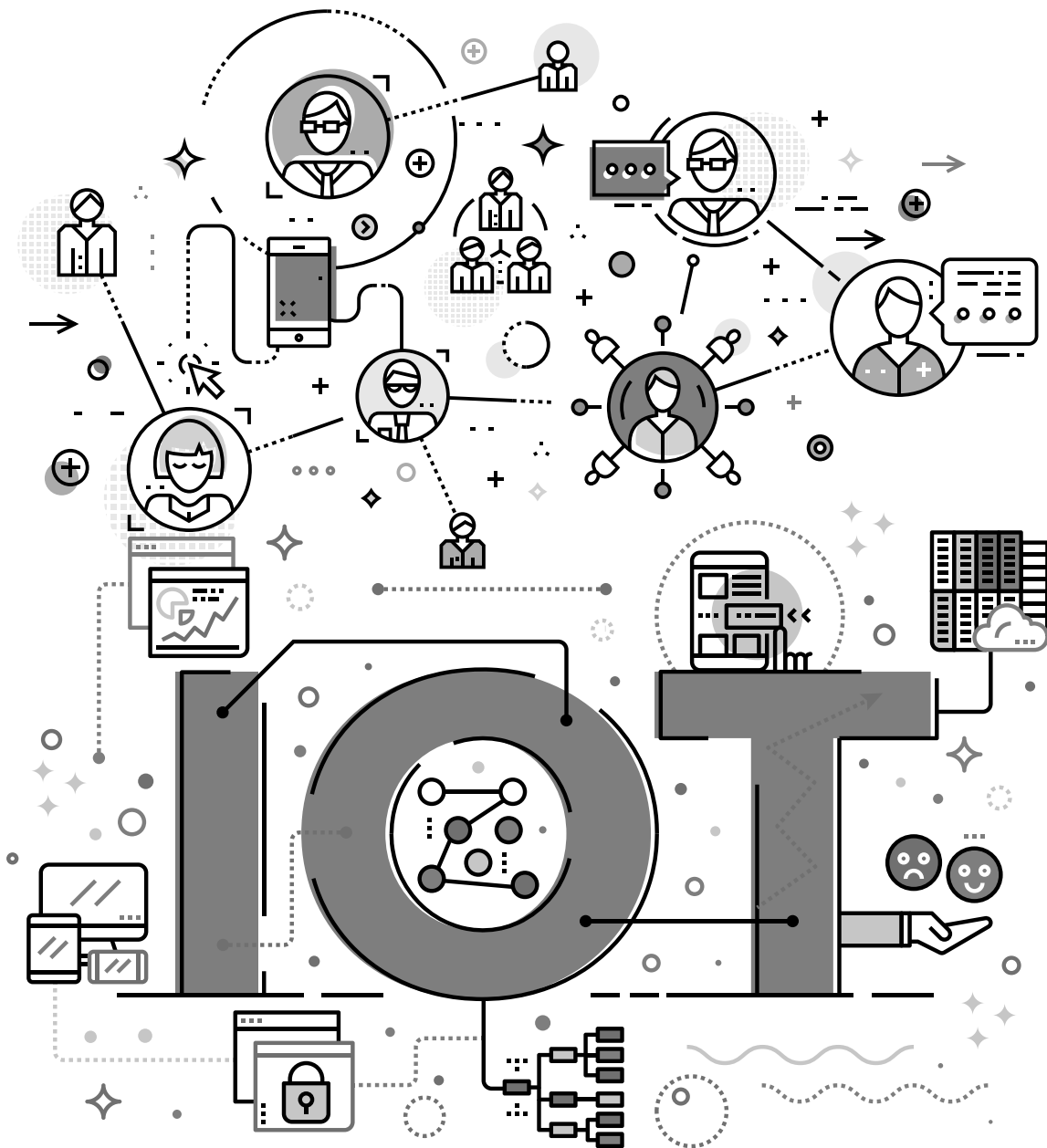
When a Tier-1 American telecommunications and internet service provider, whose network spans North America, Europe, the Middle East, Africa, Latin America and the Asia-Pacific, sought to proactively manage customer disputes, it selected Subex as a partner.

Even as the operator sought to enhance revenues, its erstwhile approach was proving inefficient (manually examining disputes raised and crediting the amount of the dispute when found genuine). The CSP discovered that a large portion of the amount was being blocked, moderating realisations.

Subex's advanced-analytics-as-a-service approach empowered the operator to create an effective model through customised RFM (recency, frequency, and monetary) analysis. Subex provided the operator with an 'ensemble model' of invoice risk prediction and temporal based prediction, allowing the CSP to identify potentially risky accounts and factors that could trigger disputes.

The result: The CSP registered a **9x** improvement in the dispute resolution strike rate, generating savings of a **few million dollars**.

Securing the Connected Ecosystem using a IoT Security Solution



Following the advent of IPv6 and growing Wi-Fi network ubiquity, Gartner estimates that by 2020, the number of active wireless connected devices could exceed 40 billion. Although connected devices provide advantages, they are also prone to security breaches— from hackers remotely taking control over connected cars to turning off power plants. As per a survey conducted by the IoT Institute, security continued to remain the number one threat to organisations not adopting IoT.

The result is that securing a network of connected devices is no longer an option, but a necessity. IoT vulnerabilities impact customers, devices and brands. Subex Secure, an IoT/ICS security solution, is an affordable and scalable solution that counters security breaches. Subex Secure's three-layered approach of signature, heuristic and anomaly-based detection mechanism ensures cyber resilience in the face of unforeseen hacks. Moreover, Subex Secure can be deployed in connected ecosystems such as self-driving cars, smart homes and modern-day industrial setups. Subex partners government bodies to equip Smart Cities with zero-day identification capabilities. By capitalising on its globally-deployed honeypot network, Subex has helped customers detect vulnerabilities and reduce risks across IoT/ICS components.



Use Case

Mirai is a malware that turns networked devices running outdated versions of Linux into remotely controlled 'bots', which can be used as part of a botnet in large-scale network attacks. This malware hit systems on 21 October 2016 and brought down sites like Twitter, *The Guardian*, Netflix, Reddit, CNN and others. Identifying the attack pattern solely on the basis of behavioural detection (anomaly-based) proved problematic; the rapid nature of the Mirai botnet propagation (every 22 seconds) made mitigation impossible.

Subex Secure's three-layered detection mechanism didn't just rely on anomaly-based detection. It captured Mirai's attack signature using its proprietary honeypot network weeks before the actual attack occurred. Subex's rule-based detection and anomaly detection, using Bayesian and Gaussian techniques, meant that attacks could be detected and mitigated by isolating the infected elements and not allowing them to propagate through the network. Subex Secure prevented a potential catastrophe for clients.

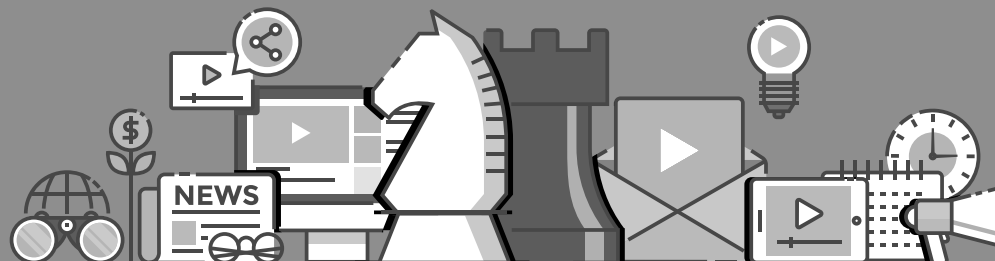
Creating value for

25Years

Over the last 25 years, Subex has continuously worked towards enhancing customer value. Being one of the most prominent assurance providers in the world, Subex is graduating towards superior solutions for telcos in the digital era.

Subex at 25

Subex provides cutting-edge solutions to customers, making them relevant and with new technologies quicker than peers. As sectoral players continue to build infrastructure necessary to drive growth, the focus shifts to driving new business model, enhancing customer experience and optimising enterprise – areas in which Subex has already carved a niche. With telcos investing in digital transformation, significant investments are being made in digital services spawning new risks– areas in which Subex has already started building its expertise.





Staying relevant for 25 years



By being capable
Subex enjoys an established track record in providing cutting-edge customer solutions.



By being sustainable
Subex invested in top-of-the-line systems and processes to remain lean and innovative. Its deleveraged Balance Sheet promises enhanced value to shareholders.



By being dependable
39 of the top-50 global telecom players use Subex's products, solution and services.



By being flexible
Subex offers a large basket of solutions—from software license-based models to subscription-based software-as-a-service. Subex offers turnkey operational managed services with a pay-for-performance model based on key business metrics.

Strength of Subex's intangibles

Brand

Subex is a sought-after brand among global telcos; the Company addresses the growing needs of more than 200 customers.

Innovation

Subex invests in cutting-edge technologies to provide new-age solutions including IoT security, and advance analytics.

People

Subex empowers its people by inculcating a sense of entrepreneurship and offering challenging projects so that the employees are driven to foster a 'make it happen' attitude.

Subex Charitable Trust (SCT)

Subex has always been at the forefront in addressing various social causes. The Company undertakes initiatives across education, disaster relief and financial assistance to economically-disadvantaged people, among others.

The Company undertook the following initiatives during 2016-17:

- Organised a blood donation camp was with TTK Bank which was attended by a 100 people
- Provided financial aid for paying the electricity and water bills of Prerana Resource Centre - which provides a home and vocational training to more than 100+ destitute and differently-abled girls
- Visited a governmental higher secondary school in Avalahalli to celebrate Christmas by interacting with the students and distributing gifts among them
- Accumulated a sum of ₹2,28,022 from 40 Subexians for the benefit of 30 economically-challenged students under the aegis of the Nurture Merit programme
- Celebrated SCT Day on 9th February at Subex, with participation from students of GHSS Avalahalli School, visually-impaired women from the Prerana Resource Centre and sponsored students part of the Vidya Poshak programme
- Collected ₹1,25,300 from 68 Subexians on SCT Day for utilising the sum for SCT activities in a need-based manner
- Provided 10 desktops and a water cooler to the GHSS Avalahalli school in order to make them tech-literate and ensure access to potable water
- Channelised a sum of ₹3,60,000 as a part of the Foundation's tieup with the Prerana Resource Centre to provide vocational training to 25 visually-impaired and disabled teenaged girls in a phased manner – basic education, vocational training and employment follow-up



A blood donation camp attracted 100 donors



Inmates at of the Prerana Resource Centre

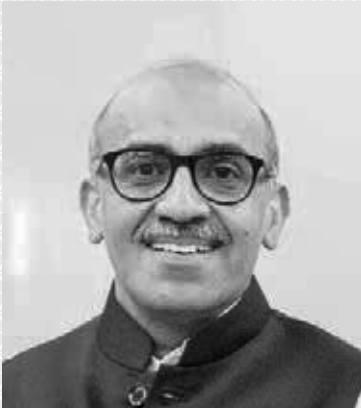


Visit to government high school in Avalahalli for Christmas celebrations



Volunteers of SCT along with students from the Nurture Merit Programme

Board of Directors



Anil Singhvi
Chairman and Independent Director



Surjeet Singh
Managing Director & Chief Executive Officer



Vinod Kumar
Wholetime Director and Chief Operating Officer



Ashwin Chalapathy
*Wholetime Director,
Chief Technology Officer and
Head of Service Delivery*



Ms. Nisha Dutt
Independent Director



Ms. Poornima Prabhu
Independent Director

Executive Leadership Team



Surjeet Singh
Chief Executive Officer



Vinod Kumar
Chief Operating Officer



Ashwin Chalapathy
*Chief Technology Officer and
Head of Service Delivery*



Mehernaz Dalal
*Chief Financial Officer**



Mohan Sitharam
Chief People Officer



David Halvorson
General Counsel

**Appointed as CFO with effect from 15th June, 2017. Mr. Ganesh KV resigned as CFO and Global Head - Legal and Company Secretary with effect from 15th June, 2017.*

Statutory section

Boards' Report

Your Directors have pleasure in presenting the 23rd Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2017.

1. FINANCIAL RESULTS

Amount in ₹ Lakhs

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Total Revenue	35,733.15	32,245.77	32,440.62	29,582.30
Other Income	1,091.03	116.46	1,038.24	41.84
Profit Before Interest, Exceptional Items & Taxes (EBIT)	9,505.50	6,399.03	5,451.37	4,764.98
Finance costs	2,040.08	6,151.60	1,505.47	5,101.63
Finance Income	62.55	66.19	215.46	254.38
Profit/(Loss) before Exceptional items & tax	7,527.97	313.62	4,161.36	(82.27)
Exceptional Items	(10,890.00)	(6,469.44)	(4,591.06)	(20,381.04)
Loss before tax	(3,362.03)	(6,155.82)	(429.70)	(20,463.31)
Tax expenses	960.84	1,273.07	253.80	534.38
Loss after tax	(4,322.87)	(7,428.89)	(683.50)	(20,997.69)
Other comprehensive income				
(i) to be reclassified to profit or loss in subsequent periods	(1,343.39)	(1,828.23)	-	-
(ii) not to be reclassified to profit or loss in subsequent periods	(32.30)	(5.04)	(33.16)	(5.04)
Total comprehensive income for the year	(5,698.56)	(9,262.16)	(716.66)	(21,002.73)

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2017, the total revenue on a standalone basis was ₹32,440.62 Lakhs as against the revenue for the previous year which was ₹29,582.30 Lakhs. The Company has during the year under review incurred a loss of ₹683.50 Lakhs as against loss of ₹20,997.69 Lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹35,733.15 Lakhs as against ₹32,245.77 Lakhs during the previous year. The loss for the financial year 2016-17 is ₹4,322.87 Lakhs as against a loss of ₹7,428.89 Lakhs in the previous year.

With respect to the stand alone financials as at March 31, 2017, the Company had assessed the carrying value of its investment in its subsidiary viz., Subex Americas Inc., of ₹7,005.74 Lakhs (March 31, 2016: ₹12,495.74 Lakhs). Based on future operational

plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,070.00 Lakhs (March 31, 2016: ₹5,490.00 Lakhs) towards the carrying value of its investment in the said subsidiary. The management is of the view that, the carrying value of the aforesaid investment in the said subsidiary of ₹935.74 Lakhs, as at March 31, 2017 is appropriate. Also, during the current year the Company has made provision for impairment of ₹100.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of its investment in Subex Technologies Limited.

As at March 31, 2017, the Company has assessed the carrying value of its investment in its wholly owned subsidiary viz., Subex (UK) Limited of ₹64,738.68 Lakhs. Considering the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management is of the view that, the carrying value of its aforesaid investment in Subex (UK)

Limited as at March 31, 2017 is appropriate.

With respect to the consolidated financials as at March 31, 2017, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex Americas Inc., amounting to ₹9,736.00 Lakhs (March 31, 2016: ₹18,606.00 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,010.00 Lakhs (March 31, 2016: ₹8,870.00 Lakhs) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹3,726.00 Lakhs as at March 31, 2017 is appropriate.

As at March 31, 2017, the Company assessed the carrying value

of goodwill relating to its investment in the subsidiary viz. Subex (UK) Limited amounting to ₹67,036.22 Lakhs (March 31, 2016: ₹67,036.22 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹4,880.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹62,156.22 Lakhs as at March 31, 2017 is appropriate.

3. DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2016-17.

4. SHARE CAPITAL

As at March 31, 2017 and as at the date of this report, the authorised, issued, subscribed and paid-up capital of the Company is as stated below:

Share Capital	As on April 1, 2016 (in ₹)	Increase during the year	As on March 31, 2017 (in ₹)	Increase after March 31, 2017 (in ₹)	As on the date of the report-June 05, 2017 (in ₹)
Authorised					
At the beginning of the year:					
Equity Shares @ ₹10 each	5,450,400,000	Nil	5,450,400,000	430,000,000#	5,880,400,000
Preference Shares @ ₹98 each	19,600,000	Nil	19,600,000	Nil	19,600,000
Issued					
Equity Shares @ ₹10 each	5,028,116,460	40,962,900*	5,069,079,360	550,949,990#	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil	Nil	Nil
Subscribed					
Equity Shares @ ₹10 each	5,028,116,460	40,962,900*	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil	Nil	Nil
Fully Paid-up					
Equity Shares @ ₹10 each	5,028,116,460	40,962,900*	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil	Nil	Nil

* On the conversion of FCCB III -US\$ 950,000 into equity shares of

Subsequent to the Balance Sheet date, the Company allotted 55,094,999 equity shares on a preferential basis. Accordingly, the Authorized share capital was increased to ₹5,900,000,000.

To strengthen the long-term capital structure of the Company, 550,94,999 equity shares were allotted on a preferential basis to the following allottees on the 15th of May, 2017. The allotment of shares was made at ₹14 each (including a premium of ₹4 per share).

Sl. No.	Investors	No. of shares
1.	QVT Singapore Fund Pte. Ltd	27,531,428
2.	Tonbridge (Mauritius) Limited	17,916,321
3.	Leeds (Mauritius) Limited	9,647,250
	Total	55,094,999

The shares were issued in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and rank *pari passu* with the existing shares of the company. The relevant date for determining the price was March 30, 2017.

Shareholders' approval to the aforementioned matters were obtained through Postal Ballot, the voting period for which was open from March 30, 2017 to April 29, 2017. The special resolutions were passed with a requisite majority. As on the date of this report, application for listing has been made to the Stock Exchanges.

5. BUSINESS

Your Company is a leading global provider of Business and Operations Support Systems (B/OSS) that empowers communications service providers (CSPs) to achieve competitive advantage through Business and CAPEX Optimisation - thereby enabling them to improve their operational efficiency to deliver enhanced service experiences to subscribers.

The Company pioneered the concept of a Revenue Operations Center (ROC®) – a centralized approach that sustains profitable growth and financial health through coordinated operational control-brings together business intelligence, domain knowledge and workflow support. Subex's product portfolio powers the ROC with its best-in-class solutions such as revenue assurance, fraud management, asset assurance, capacity management, data integrity management, route optimization and partner settlement. Through its ROC Insights advanced analytics service, Subex provides actionable insights delivered through consumable storyboards, to help CSPs make the best use of their data. Subex also offers a scalable Managed Services program with 35 + customers.

Subex has received numerous awards jointly with its customers. The recent awards include:

- Pipeline Innovation Award 2017 in the "Innovations in Managed Services" & in the "Innovations in Security & Assurance" category.
- Global Telecoms Business Innovation Award 2017 with STC, Saudi Arabia, under the "Enterprise Service Innovation" category.
- BSS & OSS Award 2016 with Telefonica Chile for "Best Fraud Prevention Project"
- Global Telecoms Business Innovation Award 2016 with BTC Botswana
- Pipeline Innovation Award 2016 in Security and Assurance.
- Telecoms Awards 2015 for "Advances in BSS/OSS category"
- Featured by Frost and Sullivan as one of the "10 companies to watch out for" in 2015
- Carriers World Award 2015 for best Security/Fraud solution.
- Global Telecoms Business Innovation Award 2015 with Mobily.
- Finance Transformation Best-In Class Financial Solutions Services, 2016 by CIMA

Subex's customers include 39 of top 50 operators* and 7 of the world's 10 largest[#] telecom companies worldwide. The Company has more than 300 installations across 90+ countries

*Telecom Operators 500, 2015

[#]The World's Largest Telecom Companies 2015 – Forbes.

SEZ III

During the year, the Company has received the approval from SEZ authorities for setting up a new SEZ unit and is in the process of completing all the statutory formalities for commencing the operations from the new unit.

Further details on the business of the Company is provided in the Management Discussion and Analysis section of the Annual Report.

6. SUBSIDIARIES

SUBEX TECHNOLOGIES LIMITED

For the year ended March 31, 2017, Subex Technologies Limited earned a net profit of ₹54.44 Lakhs as against a net loss of ₹0.46 Lakhs last year.

SUBEX (UK) LIMITED

For the year ended March 31, 2017, the Standalone revenue of Subex (UK) Limited was ₹17,618.54 Lakhs as against ₹16,978.67 Lakhs last year, and the net profit was ₹1,858.90 Lakhs as against

a net loss of ₹5,115.44 Lakhs last year.

Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2017, the standalone revenue of Subex (Asia Pacific) Pte. Limited was ₹2,555.14 Lakhs as against ₹2,014.51 Lakhs last year, and the net profit was ₹892.01 Lakhs as against a net profit of ₹6.44 Lakhs last year.

Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2017, the standalone revenue of Subex Inc. was ₹10,694.48 Lakhs as against ₹10,611.84 Lakhs last year, and the net profit was ₹116.78 lakhs as against a net loss of ₹109.09 Lakhs last year.

SUBEX AMERICAS INC.

For the year ended March 31, 2017, the standalone revenue of Subex Americas Inc. was ₹3,186.49 Lakhs as against ₹2,536.94

lakhs last year, and Net profit was ₹3,011.66 Lakhs as against a profit of ₹17,822.93 Lakhs last year.

Subex Azure Holdings Inc., is a wholly owned subsidiary of Subex Americas Inc. There were no transactions during the year under review.

As on March 31, 2017, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc. and Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.

SUBEX MIDDLE EAST (FZE)

For the year ended March 31, 2017, the standalone income of Subex Middle East (FZE) is ₹1,706.16 Lakhs as against ₹118.70 Lakhs last year and a profit of ₹35.36 Lakhs as against a profit of ₹12.07 lakhs last year.

7. FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

During the year, the Company had the following outstanding FCCB's:

Particulars	(amount in US\$ million)		
	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on 8 March 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on 2 November 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance on 31 st March 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on 6 th July 2012	1.00	1.40	127.72
Mandatory conversion to equity shares on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity upto 31 st March 2016	-	-	(86.85)
Balance as on 31 March 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on 6 March 2017	(1.00)	(1.40)	-
Balance as on 31 March 2017	-	-	3.60

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public.

EMPLOYEE STOCK OPTIONS SCHEMES

Your Company has introduced various Stock Option plans for its employees. Details of these are given below.

EMPLOYEE STOCK OPTION PLAN-2005 (ESOP-III)

Under this scheme, an initial corpus of 5,00,000 options was created for grant to the eligible employees, with each option convertible into one fully paid-up equity share of ₹10/-. This scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The corpus of the scheme was further enhanced by 15,00,000 options during the financial year 2007-08. The Company has obtained the requisite in-principle approvals from the stock exchanges for the purpose of listing of equity shares arising out of exercise of options granted under the scheme.

The Compensation Committee grants options to the eligible employees in accordance with the provisions of the scheme. The options are granted at a price, which is not less than 85% of the average of the closing price of the equity shares during the 15 trading days preceding the date of grant on the stock exchange where there is highest trading volume during this period. Unless otherwise resolved, the options granted vest over a period of 1 to 4 years and can be exercised over a period of 3 years from the date of vesting.

During the year 2016-17, 52,611 options were terminated under the ESOP 2005 Scheme.

The tenure for grant of stock options under ESOP 2005 scheme has expired and the Company is only administering the outstanding stock options issued under the scheme.

EMPLOYEE STOCK OPTION PLAN-2008 (ESOP-IV)

During 2008-09, your Company instituted the Employee Stock Option Plan-2008 vide approval of shareholders through the postal ballot mechanism. A corpus of 20,00,000 options has been created for grant to the eligible employees under the scheme. The Scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Company has obtained the requisite in-principle approvals from the stock exchanges for the purpose of listing of equity shares arising out of exercise of options granted under the scheme.

The Compensation Committee grants options to the eligible employees in accordance with the provisions of the scheme. The

options are granted at a price, which is not less than 85% of the average of the closing price of the equity shares during the 15 trading days preceding the date of grant on the stock exchange where there is highest trading volume during this period. Unless otherwise resolved, the options granted vests over a period of 1 to 4 years and can be exercised over a period of 3 years from the date of vesting.

During the year 2016-17, 102,199 options were terminated under the ESOP 2008 Scheme.

Additional information regarding the employee stock options as at March 31, 2017 is given as “Annexure A” to this report.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

There are no Loans, Guarantees or Investments covered under Section 186 of the Companies Act 2013. Refer note 35(b)(iii) in standalone financial statements.

9. MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT

The Company allotted 550,94,999 equity shares at ₹14 each (face value ₹10 each) on a preferential basis to the following allottees on May 15, 2017, to strengthen the long-term capital structure of the Company.

Sl. No.	Investors	No. of shares
1.	QVT Singapore Fund Pte. Ltd	27,531,428
2.	Tonbridge (Mauritius) Limited	17,916,321
3.	Leeds (Mauritius) Limited	9,647,250
	Total	55,094,999

The shares were issued in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and rank *pari-passu* with the existing shares of the company.

With respect to the transactions of the subsidiaries of the Company, the loan of US\$ 12 Million, (₹7,782.00 Lakhs, Previous Year : ₹7,484.05 Lakhs) availed by Subex Americas Inc. and guaranteed by Subex (UK) Limited was repaid on May 15, 2017 to the respective lenders.

At the meeting of the Board of Subex Limited held on 25 May 2017, the Board decided to acquire the Data Integrity Management ('DIM'), Asset Assurance ('AA') and Capacity Management ('CM') software products owned by the Company's subsidiary, Subex Americas Inc., ("SAI") (including all related

intellectual property rights, know-how, rights, title and interest), for a consideration of US\$ 9.4 million. The consideration amount is within the range specified by an independent valuer as the fair value of the software assets.

10. CORPORATE GOVERNANCE

Your Company strongly believes that the spirit of Corporate Governance goes beyond the statutory form. Sound Corporate Governance is a key driver of sustainable corporate growth and long-term value creation for the stakeholders and protection of their interests. Your Company endeavors to meet the growing aspirations of all stakeholders including shareholders, employees and customers. Your Company is committed to maintaining the highest level of transparency, accountability and equity in its operations. Your Company always strives to follow the path of good governance through a broad framework of various processes.

Your Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended from time to time. The Auditor's certificate on compliance with respect to the same is annexed herewith as "Annexure B". In addition, your Company has documented its internal policies in line with the Corporate Governance guidelines. The Management Discussion & Analysis of the financial position of the Company has been provided as a part of this report.

11. DIRECTORS

As per Section 152 of the Companies Act, 2013, at least two-third of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each Annual General Meeting of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Surjeet Singh retires by rotation and being eligible, has offered to be re-appointed at the ensuing Annual General Meeting.

Mr. Surjeet Singh was re-appointed as the Managing Director & CEO of the Company at the Board Meeting held on August 9, 2016 for a period of one year from October 5, 2016 to October 4, 2017. In accordance with the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, the said re-appointment as Managing Director & CEO was placed before the Members for their approval at the 22nd Annual General Meeting conducted on September 12, 2016 for the year 2015-16.

Pursuant to the recommendations of the Nomination and

Remuneration Committee, the Board at its meeting held on March 24, 2017 appointed Ms. Poornima Prabhu as an Additional Independent Director for a tenure of five years subject to the approval of the shareholders at the 23rd Annual General Meeting. Detailed profile of Ms. Poornima Prabhu is given in the Corporate Governance section of this report. The Company has received a notice from a shareholder proposing the appointment of Ms. Poornima Prabhu.

During the year, Mr. Sanjeev Aga and Ms. Priyanka Roy, Independent Directors, resigned from with Board with effect from October 27, 2016 and March 10, 2017 respectively.

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on May 25, 2017 appointed Mr. Vinod Kumar Padmanabhan, Chief Operating Officer of the Company as an Additional Director and Whole-Time Director. He will hold office as an Additional Director upto the 23rd Annual General Meeting of the Company. The Company has received a notice from a shareholder proposing the appointment of Mr. Vinod Kumar Padmanabhan as Director. His appointment as Whole-Time Director for a tenure of three years is subject to the approval of the shareholders at the ensuing 23rd Annual General Meeting.

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on May 25, 2017 appointed Mr. Ashwin Chalapathy, Chief Technology Officer and Head of Service Delivery of the Company as an Additional Director and Whole-Time Director. He will hold office as an Additional Director upto the 23rd Annual General Meeting of the Company. The Company has received a notice from a shareholder proposing the appointment of Mr. Ashwin Chalapathy as Director. His appointment as Whole-Time Director for a tenure of three years is subject to the approval of the shareholders at the ensuing 23rd Annual General Meeting.

The details regarding the familiarization program for Independent Directors is available on the website of your Company under the link <http://www.subex.com/corporate-governance/>.

BOARD MEETINGS

During the year, 7 Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013 and The SEBI (LODR), Regulations, 2015. The dates on which meetings were held are as follows:

1. May 24, 2016

2. August 09, 2016
3. September 12, 2016
4. November 10, 2016
5. December 06, 2016
6. February 03, 2017
7. March 24, 2017

The details of the attendance of the Directors is provided in the Corporate Governance Report.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act 2013 and Regulation 17 (10) of the SEBI (LODR) Regulations, 2015 the Board at its meeting held on February 03, 2017 carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

The Policy on Appointment of Directors and the Remuneration Policy of the Company forms a part of this report in "Annexure F". and the Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as "Annexure H".

12. AUDIT COMMITTEE

The Audit Committee presently has 4 Directors as its members viz. Mr. Anil Singhvi, Chairman & Independent Director, Ms. Nisha Dutt, Independent Director, Ms. Poornima Prabhu, Independent Director and Mr. Surjeet Singh, Managing Director & CEO. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the provisions of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

13. AUDITORS

STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Bangalore (Firm Registration Number 101049W/E300004), the Statutory Auditors of the Company were appointed for a term of 5 years in the AGM held on 19th June 2015. The Board places

the said proposal for the ratification of the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, for 2017-18 before the shareholders of the Company at the ensuing Annual General Meeting.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as "Annexure C". The Secretarial Auditors have given an unqualified report for the financial year 2016-17.

14. PARTICULARS OF EMPLOYEES

The particulars of employees required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed hereto in "Annexure D".

15. CONSERVATION OF ENERGY

The operations of your Company are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and by the purchase of energy-efficient equipment. Your Company constantly evaluates new technologies and invests to make its infrastructure more energy-efficient. Currently your Company uses CFL fittings and electronic ballasts to reduce the power consumption of fluorescent tubes. Air conditioners with energy efficient screw compressors for central air conditioning and air conditioners with split air conditioning for localized areas are used.

The organization consistently follows and implements some of the best practices impacting the environment. Initiatives are in place towards optimizing electricity consumption through a structured reduction in overall carbon foot print.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Your Company has a strong R&D Division responsible for developing technologies for its products in the telecom domain. The telecommunications domain, in which your Company operates, is subject to rapid technological changes, introduction of new services and intense competition. Your Company has developed inherent skills to keep pace with these changes. Since software products are the significant line of business of your Company, the Company incurs expenditure on product

related Research & Development on a continuous basis. These expenses are charged to revenue under the respective heads and are not segregated and accounted separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2016-17 total foreign exchange inflow and outflow is as follows:

- i) Foreign Exchange earnings ₹30,681.48 Lakhs (Previous Year ₹27,794.14 Lakhs)
- ii) Foreign Exchange outgo ₹14,558.23 Lakhs (Previous Year ₹11,497.22 Lakhs)

Note: The foreign exchange outgo is inclusive of the inter-Company charges and the Previous Year's figures have been restated accordingly.

16. CORPORATE SOCIAL RESPONSIBILITY

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Ms. Nisha Dutt	Independent Director

Pursuant to CSR Policy adopted by the Board, the Company proposes to undertake such activities as may be useful and contributive in nature

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for education of economically challenged meritorious students, conducted blood donation camps, donated clothes and toys to children, provided financial aid by way of payment of the water and electricity bills of a Centre which provides vocational training to destitute girls. SCT has tied up with Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls. The total budget for this 1 year long program is ₹3,60,000. As part of this program, 25 blind and disabled girls are provided vocational training and employment. A gist of activities undertaken by the Trust has been provided as a separate section in this Annual Report as "Annexure I".

17. IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risk which might impact the operations and on a more serious level also threaten the existence of the Company. Risks are assessed department wise such as financial risks, information technology related risks, legal risks, accounting fraud, etc. The Management also ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

18. HUMAN RESOURCE MANAGEMENT

Detailed report on Human Resource management is given in the Management Discussion and Analysis section of the annual report.

19. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has in consultation with a reputed independent consultancy firm that specializes in advising corporates on internal financial controls, strengthened the existing financial controls of the Company.

Such internal financial controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards ("IndAS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head

of department who then along with the Company Secretary discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Company Secretary reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex has been certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). The Company being in the IT space conducts internal audits of Information Security, Quality Management System twice a year covering projects and functional groups. Internal audits of such nature are conducted across all locations of Bangalore, UK and the US regions. A consolidated summary is prepared and strengths and weakness across projects, functional groups is shared with all auditee. Reports are shared to the auditee to identify corrective and preventive actions. The corrective and preventive actions are reviewed by the internal auditors and closed based on the adequacy of evidences provided by the auditee.

20. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <http://www.subex.com/corporate-governance/>. There were no complaints during the year 2016-17.

21. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.

22. DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have given declarations under Section 149 (7) to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

23. RELATED PARTY TRANSACTIONS

All Related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit committee is obtained for transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors for their review on a quarterly basis.

The Company has entered into sub-contracting arrangement with its subsidiaries, based on transfer pricing methodology, for development and enhancement of RMS products as well as marketing of its products by the subsidiaries across locations. The Company also has simultaneously entered into marketing arrangements with its subsidiaries wherein there is a cross charge done by the subsidiaries towards its efforts for the same.

The Policy on Related party transactions as approved by the Board is uploaded on the Company's website under the link <http://www.subex.com/corporate-governance>.

None of the Directors has any pecuniary relationships of transactions *vis-à-vis* the Company.

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 is enclosed to this report in "Annexure G".

24. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

25. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure E".

26. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE') where the Company's shares are listed.

27. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provision of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors affirms:

- In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the accounting policies have been selected and applied consistently and it has made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit/ loss of the Company for the year ended on

that date;

- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.;
- That the accounts for the year ended March 31, 2017 have been prepared on a going concern basis;
- That internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively;
- That systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

29. APPRECIATION/ACKNOWLEDGEMENTS

Your Directors thank the clients, vendors, investors and bankers for their continued support during the year. We place on record our appreciation for the co-operation and assistance provided by the Central and State Government authorities particularly SEZ authorities, Customs and Central Excise authorities, Registrar of Companies, Karnataka, the Income Tax department, Reserve Bank of India and various authorities under the Government of Karnataka.

Your Directors also wish to place on record their deep appreciation to Subexians at all levels for their hard work, solidarity, co-operation and support, as they are instrumental in your Company scaling new heights, year after year.

For Subex Limited

Surjeet Singh

Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi

Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure A

Additional Information as at March 31, 2017 as per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sl.No	Particulars	ESOP 2005	ESOP 2008
1.	Net options granted as on March 31, 2017	1,04,807	28,301
	Options granted during the year	-	-
2.	Pricing formula	As mentioned earlier in the report	As mentioned earlier in the report
3.	Options vested but not exercised as on March 31, 2017	92,368	28,581
4.	Options exercised as on March 31, 2017	12,439	0
	Options exercised during the year	-	-
5.	Money realized by exercise of options during the year	-	-
6.	The total number of shares arising as a result of exercise of options during the year ended March 31, 2017	-	-
7.	Options lapsed/cancelled/ surrendered as on March 31, 2017	57,34,111	23,05,236
	Options lapsed/cancelled/ surrendered during the year	52,611	1,02,199
8.	Variation of terms of options	None	None
9.	No. of employees covered	192	26
10.	Employee wise details of options granted during the year under review to:		
	(i) Key managerial personnel	-	-
	(ii) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	-
	(iii) identified employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-	-
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per share'	(0.13)	(0.13)
12.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	-	-
	The impact of this difference on profits and on EPS of the Company is:		
13.	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.(As per note 36 of the Standalone financials)	₹22.99	₹28.44

Sl.No	Particulars	ESOP 2005	ESOP 2008
14.	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	Refer note 36 of the Standalone financials statements.	
	i. risk-free interest rate		
	ii. expected life		
	iii. expected volatility		
	iv. expected dividends		
	v. market price on grant date		

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure B

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2016 to March 31, 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BMP & Co
Company Secretaries

Pramod S M
Partner
FCS 7834 / CP No. 13784

Place: Bangalore,
Date: June 5, 2017

Annexure C

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2017

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SUBEX LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Subex Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
 - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vi) Other Laws Applicable Specifically to the Company namely:

- (a) Information Technology Act, 2000 and the rules made thereunder
- (b) Special Economic Zones Act, 2005 and the rules made thereunder
- (c) Copy Right Act, 1957
- (d) The Patents Act, 1970
- (e) The Trade Marks Act, 1999

We have also examined the compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by the Institute of Company Secretaries of India Meetings of the Board of Directors and General Meeting.
- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned.

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except with respect to those agenda items which the company deemed to be unpublished price sensitive information (UPSI), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the compliance mechanism adopted by the company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

For V. SREEDHARAN & ASSOCIATES

Place: Bengaluru

Date: May 4, 2017

(Pradeep B. Kulkarni)

Partner

FCS 7260 / CP No. 7835

Annexure D

PARTICULARS OF EMPLOYEES

Particulars	Mr. Vinod Kumar Padmanabhan	Mr. Ashwin Chalapathy	Mr. Roddam Naga Shiva Shankar
Designation of the employee	Chief Operating Officer	Chief Technology Officer and Head of Service Delivery	Market Head-Sales and Client Relations-Emerging Markets
Remuneration received	₹1,49,39,897	₹1,38,48,185	₹39,38,136*
Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent
Qualifications and experience of the employee	B.Tech 27 Yrs	M.Sc (Computer Science) 22 Yrs	MBA, BE (AMITE), BA 22 Yrs
Date of commencement of employment	Oct 15, 1997	Jan 15, 2007	Oct 19, 2003
The age of such employee	47Yrs	45 Yrs	43 Yrs
The last employment held by such employee before joining the Company	Crompton Greaves	Siemens	Bharti Telesoft
The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above	0.01%	NA	NA
Whether any such employee is a relative of any Director or manager of the Company and if so, name of such Director or manager	NA	NA	NA

*Mr. Roddam Naga Shiva Shankar resigned from the post of Market Head-Sales and Client Relations-Emerging Markets during the year and was an employee of the Company till May 6, 2016. The remuneration received by him relates to the period from 1 April 2016 - May 6, 2016.

Annexure E

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	6 th December, 1994
iii)	Name of the Company	Subex Limited
iv)	Category / Sub Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore-560103
vi)	Whether listed Company (Yes / No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	CANBANK COMPUTER SERVICES LIMITED J P Royale, 1 st Floor, No.218 2 nd Main, Sampige Road (Near 14 th Cross), Malleswaram Bangalore – 560 003

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1.	Implementation and customisation	–	11.88
2.	Managed services	–	12.44
3.	Support services	–	13.87
4.	Sub-contracting services	–	57.69

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1.	Subex Technologies Limited	U74140KA2005PLC035905	Subsidiary	100	2 (87)
2.	Subex Americas Inc.	Foreign Company	Subsidiary	92.59	2 (87)
3.	Subex (UK) Limited	Foreign Company	Subsidiary	100	2 (87)
4.	Subex Inc.	Foreign Company	Subsidiary	Ultimate Holding Company	2 (87)
5.	Subex (Asia Pacific) Pte Limited	Foreign Company	Subsidiary	Ultimate Holding Company	2 (87)
6.	Subex Azure Holdings Inc.	Foreign Company	Subsidiary	Ultimate Holding Company	2 (87)
7.	Subex Middle East (FZE)	Foreign Company	Subsidiary	100	2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,52,844	-	4,52,844	0.09	4,52,844	-	4,52,844	0.09	0
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	0.10	5,21,200	-	5,21,200	0.10	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	9,74,044	-	9,74,044	0.19	9,74,044	-	9,74,044	0.19	0
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other.	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	9,74,044	-	9,74,044	0.19	9,74,044	-	9,74,044	0.19	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	32,74,345	-	32,74,345	0.65	21,64,479	-	21,64,479	0.43	-0.24
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.02	78,764	-	78,764	0.02	0
g) FIs	9,75,257	-	9,75,257	0.19	28,06,956	-	28,06,956	0.55	0.36
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	43,28,366	-	43,28,366	0.86	50,50,199	-	50,50,199	1.00	0.14
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,59,93,640	400	9,59,94,040	19.09	10,62,60,582	400	10,62,60,982	20.96	1.87
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	11,36,36,500	48,883	11,36,85,383	23.78	11,36,82,693	49,811	11,37,32,504	22.43	-1.35
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	15,94,76,335	-	15,94,76,335	23.24	18,38,05,398	0	18,38,05,398	36.26	13.02
c) Others (specify)									
Trusts	2,48,600	-	2,48,600	0.05	3,88,600	-	3,88,600	0.08	0.03
Director & their relatives	60,000	-	60,000	0.01	60,000	-	60,000	0.01	0
Foreign Nationals	87,352	-	87,352	0.02	81,194	-	81,194	0.02	0
Escrow Account	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Market Maker	-	-	-	-	-	-	-	-	-
Non Resident Indians	68,39,809	-	68,39,809	1.36	84,97,887	-	84,97,887	1.68	0.32
OCBs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	79,63,057	-	79,63,057	1.58	17,79,005	-	17,79,005	0.35	-1.23
Shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	1,75,64,643	-	1,75,64,643	3.49	2,01,36,829	-	2,01,36,829	3.97	0.48
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	9,44,12,312*	-	9,44,12,312	18.78	6,52,80,387	-	6,52,80,387	12.88	-5.9
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	9,32,828	1,670	9,34,498	0.19	6,16,030	1,670	6,17,700	0.12	0.07
Sub-Total(B)(2)	49,72,15,076	50,953	49,72,66,029	98.69	50,05,88,605	51,881	50,06,40,486	98.76	0.07
Total Public Shareholding (B)=(B)(1)+ (B)(2)	50,15,43,442	50,953	50,15,94,395	99.95	50,56,38,804	51,881	50,56,90,685	99.95	-
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.05	2,43,207	-	2,43,207	0.05	-
Grand Total (A+B+C)	502,760,693	50,953	502,811,646	100	506,856,055	51,881	506,907,936	100	-

*Includes 8,10,63,426 equity shares allotted consequent to conversion of FCCB's on March 28, 2016.

II. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Kivar Holdings Private Limited	5,21,200	0.10	5,21,200	5,21,200	0.10	5,21,200	0
2.	Subash Menon	80,601	0.02	80,601	80,601	0.02	80,601	0
3.	Sudeesh Yezhuvath	3,72,243	0.07	3,72,243	3,72,243	0.07	3,72,243	0

III. Change in Promoters' Shareholding

Sl. No	Shareholders name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Kivar Holdings Private Limited	5,21,200	0.10	5,21,200	0.10
2.	Subash Menon	80,601	0.02	80,601	0.02
3.	Sudeesh Yezhuvath	3,72,243	0.07	3,72,243	0.07
	There is no change in shareholding as at the end of the year				

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	QVT Mauritius West Fund & Quintessence Mauritius West Fund	3,58,29,909	7.13	4,78,43,416	9.44
2.	AKG Finvest Limited	1,12,97,000	2.68	2,00,70,000	3.96
3.	Deutsche Bank AG London- CB Account	2,15,59,422	4.29	1,74,36,426	3.44
4.	Uno Metals Limited	27,25,000	0.54	1,72,52,000	3.40
5.	Angel Fincap Private Limited	26,50,793	0.53	72,27,806	1.43
6.	Vishanji Shamji Dedhia	25,00,000	0.5	36,00,000	0.71
7.	Dilipkumar Lakhi	0	0	28,36,857	0.56
8.	Nomura Singapore Limited	8,81,257	0.21	28,06,956	0.55
9.	Chirag Dilipkumar Lakhi	0	0	20,96,431	0.41
10.	Marudhar Vyapaar Private Limited	0	0	20,00,000	0.39

v. Shareholding of Directors and Key Managerial Personnel

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Surjeet Singh	NIL	N.A.	-	-
2.	Anil Singhvi	60,000	0.01	60,000	0.01
3.	Sanjeev Aga	NIL	N.A.	-	-
4.	Nisha Dutt	NIL	N.A.	-	-
5.	Priyanka Roy	NIL	N.A.	-	-
6.	Poornima Prabhu	N.A.	N.A.	-	-
7.	Ganesh KV	NIL	N.A.	-	-
	There is no change in shareholding as at the end of the year				

Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed as Additional Directors and Whole-Time Directors on May 25, 2017. Since the appointment was made after March 31, 2017, the details pertaining to them have not been included.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits (₹ In lakhs)	Unsecured Loans (₹ In lakhs)	Deposits (₹ In lakhs)	Total Indebtedness (₹ In lakhs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,410.26	1,590.20	–	15,000.46
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	651.53*	3.64	–	655.17
Total (i + ii + iii)	14,061.79	1,593.84	–	15,655.63
Change in Indebtedness during the financial year				
Addition/ Reduction (In interest accrued)	(147.33)*	(3.64)	–	(150.79)
Addition/Reduction (In principal amount)	(2,485.75)	(1,590.20)*	–	(4,075.95)
Net Change	(2,633.08)	(1,593.84)	–	(4,226.95)
Indebtedness at the end of the financial year				
i) Principal Amount	10,924.51	–	–	10,924.51
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	504.20*	–	–	504.20
Total (i+ii+iii)	11,428.71	–	–	11,428.71

*Including repayment of FCCB's I & II

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Surjeet Singh Managing Director & CEO (In ₹ Lakhs)	Total Amount (In ₹ Lakhs)
	Gross salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.78	16.78
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Options	–	–
3.	Sweat Equity	–	–
	Commission	–	–
4.	– as % of profit	–	–
	– Others, specify...	–	–
5.	Others, please specify	–	–
	Total	16.78	16.78
	Ceiling as per the Act	60 Lakhs p.a as per Section II of Part II of Schedule V of the Act	60 Lakhs.

Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed as Additional Directors and Whole-Time Directors on May 25, 2017. Since the appointment was made after March 31, 2017, the details pertaining to them have not been included.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Sanjeev Aga	Anil Singhvi	Nisha Dutt	Priyanka Roy	Poornima Prabhu*	
1	Independent Directors	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
	Fee for attending board/committee meetings	10,00,000	22,00,000	14,00,000	3,00,000	NIL	49,00,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	10,00,000	22,00,000	14,00,000	3,00,000	NIL	49,00,000
2	Other Non-Executive Directors	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Fee for attending board/committee meetings				-	-	-
	Commission				-	-	-
	Others, please specify				-	-	-
	Total (2)				-	-	-
	Total (B)=(1+2)	-					
	Total Managerial Remuneration						
	Overall Ceiling as per the Act	10,00,000 [₹1,00,000 per meeting for 10 meetings in FY 2016-17]	22,00,000 [₹1,00,000 per meeting for 22 meetings in FY 2016-17]	14,00,000 [₹1,00,000 per meeting for 14 meetings in FY 2016-17]	3,00,000 [₹1,00,000 per meeting for 3 meetings in FY 2016-17]	[₹1,00,000 per meeting]	

*Ms. Poornima Prabhu was appointed as an Additional Independent Director with effect from 24th March 2017 and was not paid sitting fees during the year.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Ganesh K V Chief Financial Officer & Company Secretary	Total Amount
1.	Gross salary		(In ₹)
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	77,41,282	77,41,282
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options (granted)	10,000	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...		
5.	Others, please specify (Flexible Benefit Plan)	-	-
	Total (1+2+3+4+5)		77,41,282
	Ceiling as per the Act	Not applicable	

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: N.A

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure F

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

A. CRITERIA FOR APPOINTMENT OF NON-EXECUTIVE DIRECTORS & INDEPENDENT DIRECTORS

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the N&R committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The N&R committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of The Companies Act, 2013.
- d) The N&R Committee shall consider the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Non-Executive Director.
 - i) Qualification, experience and expertise of the Non-Executive Directors in their respective fields;
 - ii) Personal, professional or business standing;
 - iii) Diversity of the Board.
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, profit related commission as may be approved by the members and reimbursement of expenses for participation in the Board/Committee meetings as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the

Board of Directors within the overall limits prescribed under The Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014;

- ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

B. CRITERIA FOR APPOINTMENT OF EXECUTIVE DIRECTORS

For the purpose of appointment of any Executive Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee shall also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act 2013 or other applicable laws.

Remuneration for Executive Director

- i. At the time of appointment or re-appointment, the Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Executive Director within the overall limits prescribed under The Companies Act, 2013.
- ii. The Remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Executive Director maybe broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:
 - a. The relationship of remuneration and performance benchmarks is clear;

- b. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. Responsibility required to be shouldered by the Executive Director, the industry benchmarks and the current trends;
- d. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

C. REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL

In determining the remuneration of the Key Managerial Personnel, the N&R Committee shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.
- v) The Managing Director will carry out the individual

performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to N&R Committee for its review and approval.

D. REMUNERATION POLICY FOR OTHER EMPLOYEES

In determining the remuneration of the other employees the Company the Reporting Manager shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.
- v) The Reporting Manager will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive.

Annexure G

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

1.	Name(s) of the related party and nature of relationship	NOT APPLICABLE
2.	Nature of contracts/ arrangements/ transactions	
3.	Duration of the contracts/ arrangements/ transactions	
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions	
6.	Date(s) of approval by the Board	
7.	Amount paid as advances, if any:	
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited
		(b) Subex (UK) Limited
		(c) Subex Americas Inc.
		(d) Subex (Asia Pacific) Pte Limited
		(e) Subex Inc.
		(f) Subex Middle East (FZE)
(b)	Nature of contracts/ arrangements/ transactions	A. Sub-Contracting Transactions
		Subex (UK) Limited
		Subex (Asia Pacific) Pte Ltd
		Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		B. Marketing & Allied Services Expense Transactions
		Subex (UK) Limited
		Subex (Asia Pacific) Pte Ltd

(b)	Nature of contracts/ arrangements/ transactions (contd.)	Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		C. Interest Income
		Subex Americas Inc.
		D. Reimbursement of expenses
		Subex (UK) Limited
		Subex (Asia Pacific) Pte Ltd
		Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		Subex Technologies Limited
(c)	Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	A. Sub-Contracting Transactions
		The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company
		B. Marketing & Allied Services Expense Transactions
		The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company
		C. Interest Income
		The ultimate holding Company charges interest on loan given to its subsidiaries
		D. Reimbursement of expenses
		Group entities incur cost on behalf of other entities for administrative convenience, which is then cross charged to respective entity on cost-to-cost basis.
(e)	Date(s) of approval by the Board, if any:	May 24, 2016 - approval.
		December 6, 2016, February 03, 2017 and May 25, 2017 - ratification
(f)	Amount paid as advances, if any:	NA

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure H

DETAILS / DISCLOSURES OF RATIO OF REMUNERATION

(i)	the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	2.82:1.00
(ii)	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	CEO:Nil/CFO :15.61%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	The median remuneration decreased by 6.54% during the year.
(iv)	the number of permanent employees on the rolls of Company;	805
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was a decrease of 6.20% in the average percentile in the salaries of employees during the year. However, there was an increase of 15.61% for the managerial personnel. Variable pay constitutes an integral part of the remuneration of mainly the managerial personnel of the Company which is not the case for other employees. The increase in managerial remuneration was mainly on account of payment of variable pay which was directly related to the performance of the individual contributing to the performance of the Company, measured in predetermined yardsticks.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration of Directors, Senior Management and Employees is as per the Remuneration Policy of the Company

Annexure I

ANNUAL REPORT ON CSR ACTIVITIES

Sustainable practices have always been an integral part of Subex Limited. Corporate Social Responsibility is a large part of our overall sustainability policy encompassing social action. Subex Charitable Trust is our primary social responsibility trust. The objective was enabling education of eligible students from financially weaker sections of society and vocational training for women.

CSR COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Ms. Nisha Dutt	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Mr. Sanjeev Aga*	Independent Director

*Resigned with effect from 27th October, 2016

OBJECTIVE AND SCOPE

The objective of the Corporate Social Responsibility ("CSR") policy of Subex Limited ("the Company") is to lay down guidelines to enable the Company to take the required measures to make a meaningful contribution to the society and other stakeholders.

For more detail visit <http://subex.com/corporate-governance/>

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for education of economically challenged meritorious students, conducted blood donation camps, donated clothes and toys to children, provided financial aid by way of payment of the

water and electricity bills of a Centre which provides vocational training to destitute girls.

FOCUS AREA

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Reducing child mortality and improving maternal health;
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

ACTIVITIES COVERED DURING THE YEAR

- Organized a blood donation camp with TTK Bank. The number of donors this year reached 100.
- Provided financial aid for electricity and water bills for Prerana Resource Centre - home to more than 100+ differently-abled destitute girls and a vocational training provider.
- Visited Government Higher Secondary School for Christmas celebrations, interacted with the students and distributed gifts and snacks.
- 40 Subexians sponsored 30 economically-challenged rural area students with ₹2,28,022 of scholarships through the Nurture Merit program.
- SCT Day was celebrated in Subex Auditorium on February 9th where students from the said Government Higher Secondary School, blind women from Prerana Resource Centre and

Students from Vidya Poshak sponsored for 2015-16 had participated. Cultural events by the esteemed guests made the event more memorable.

- Provided 10 Desktops to Government Higher Secondary School for education purpose. Also, provided Water Cooler for providing clean drinking water to the students.
- Have tied up with Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls. Total Budget for this 1 year long program is ₹3,60,000. As part of this program, 25 blind and disabled girls are provided Trainings in 3 phases – Basic Education, Vocational Training & Employment follow-up.

FINANCIAL DETAILS

Section 135 of the Companies Act, 2013 and Rules made under it prescribe that every company having a net worth of ₹500 crore or more, or turnover of ₹1000 crore or more or a net profit of ₹5 crore or more during any financial year shall ensure that the company spends in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its corporate social responsibility policy. Given the company incurred losses during the preceding 3 years though it had Net worth exceeding 500 crores, it is not mandatory to incur expenditure on CSR activities. However, it has voluntarily undertaken certain activities as listed below:

The major projects and heads under which the outlay amount was spent during the year 2016-17 are as follows

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent Direct or through implementing agency
1	Providing Vocational Training to visually impaired and Disabled Orphan Teenage Girls	Promoting employment enhancing vocation skills especially among children, women and differently abled	Bangalore	₹3,60,000	₹3,60,000	₹3,60,000	₹3,60,000
	Total			₹3,60,000	₹3,60,000	₹3,60,000	₹3,60,000

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Therefore, situation, performance, ownership and governance of the Company are equally important with respect to the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

Subex Limited's ("Subex / the Company") compliance with the Corporate Governance guidelines as stipulated by the stock exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR), Regulations, 2015"] is described in this section. The Company believes that sound Corporate Governance is critical to enhance and retain investor's trust. Subex respects minority rights in its business decisions.

The Company's Corporate Governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law
- Be transparent and maintain high degree of disclosure levels
- Communicate externally, in a truthful manner, about how the Company is run internally
- Comply with the laws in all the countries in which the Company operates

Subex is committed to good Corporate Governance practices. Consistent with this commitment, Subex seeks to achieve a

high level of responsibility and accountability in its internal systems and policies. Subex respects the inalienable rights of the shareholders to information on the performance of the Company. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

II. BOARD OF DIRECTORS

As on March 31, 2017, the Board of Directors of Subex Limited comprises 4 directors out of which 1 is an Executive Director and 3 are Independent Directors. Mr. Vinod Kumar Padmanabhan, Chief Operating Officer and Mr. Ashwin Chalapathy, Chief Technology Officer & Head of Service Delivery were appointed as Additional Directors and Whole-Time Directors of the Company with effect from May 25, 2017 subject to the approval of the shareholders at the ensuing annual general meeting.

Details of the composition of the Board of Directors and their attendance and other particulars are given below. These details reflect the position as on March 31, 2017 and as such do not include details of changes in directorships after the end of the financial year.

A. Composition and Category of Directors as on March 31, 2017

Category	No. of Directors	%
Independent Directors	3	75
Executive Directors	1	25
Total	4	100

B. Attendance of Directors at the Board Meetings and the Last AGM and Details about Directorships and Membership in Committees during the Financial Year 2016-17 are as follows:

Director	Position	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships In Public Companies ▲	No. of Board/ Committees In Which The Director Is Chairman ■	No. of Board /Committees In Which The Director Is Member ■
Mr. Surjeet Singh	Managing Director and Chief Executive Officer	7	6	Yes	2	–	2
Mr. Anil Singhvi^^	Independent Director	7	7	Yes	6	3	4
Mr. Sanjeev Aga*	Independent Director	3	3	Yes	8	3	6
Ms. Nisha Dutt **	Independent Director	7	5	Yes	1	–	2
Ms. Priyanka Roy #	Independent Director	6	3	Yes	1	–	–
Ms. Poornima Prabhu %	Additional Independent Director	NA	NA	NA	1	–	1

Notes:

▲ Includes Directorship in Subex Limited

■ In line with Regulation 26(1) of SEBI (LODR) Regulations, 2015. Memberships in Committees of Subex Limited are included.

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. All details of Mr. Sanjeev Aga in this report, wherever it appears, are up to the date of his resignation.

Ms. Priyanka Roy resigned from the post of Director of the Company with effect from March 10, 2017. All details of Ms. Priyanka Roy in this report, wherever it appears, are up to the date of her resignation.

% Ms. Poornima Prabhu was appointed as an Additional Independent Director with effect from March 24, 2017.

^^ Mr. Anil Singhvi was appointed as Chairman of the Company with effect from May 25, 2017.

** Ms. Nisha Dutt was appointed as Chairperson of Nomination and Remuneration Committee with effect from May 25, 2017.

C. Number and Dates of Board Meetings

During the financial year 2016-17, seven Board Meetings were held. The dates of the meetings held were as follows:

1.	May 24, 2016
2.	August 09, 2016
3.	September 12, 2016
4.	November 10, 2016
5.	December 06, 2016
6.	February 03, 2017
7.	March 24, 2017

D. Disclosure of relationships between directors inter-se:

There are no *inter se* relationships between the Board members.

E. Details of Shareholding of Non- Executive Directors:

In terms of Regulation 36 (3) (e) of the SEBI (LODR) Regulations,

2015, the details of shares held by Non- Executive Directors are as under:

Name	No. of Shares Held as at March 31, 2017
Mr. Anil Singhvi	60,000
Ms. Nisha Dutt	NIL
Ms. Poornima Prabhu	NIL

F. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide Independent Directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments to enable them to take well informed decisions in a timely manner. The familiarization

programme also seeks to update the Directors on the roles, responsibilities, rights and duties under The Companies Act, 2013 and other statutes. The details of the familiarization programme imparted to Independent Directors during the year is available on the following link <http://www.subex.com/corporate-governance/>

III. AUDIT COMMITTEE

A. Terms of Reference

The Audit Committee has, *inter alia*, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 177 of The Companies Act, 2013 some of which are:

- Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment, terms of appointment or reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approving the payment to be made to the statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses /

application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- Overseeing the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also to take action against repeated frivolous complaints filed by director or employee;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Examination of the financial statement and the auditors' report thereon;
- Scrutinizing the inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluating the internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- Approving the appointment of CFO (i.e., the Whole-Time Finance

Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussing any related issues with the internal and statutory auditors and the management of the company, if any.
- Approving of any subsequent modification of transactions of the company with related parties;
- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee) submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32 (7) of the SEBI (LODR) Regulations, 2015.
- Statement of deviation(s) or variation(s) as specified in Regulation 32(1) of the SEBI (LODR) Regulations, 2015.

The current charter of the Audit Committee is in line with the provisions of The Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and regulatory changes formulated by SEBI and international best practices.

All members of the Audit Committee are financially literate and have related financial management expertise.

B. Composition of The Audit Committee as on March 31, 2017

Sl. No.	Composition	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt**	Independent Director
3.	Mr. Surjeet Singh	Managing Director and CEO
4.	Ms. Poornima Prabhu [%]	Additional Independent Director

Mr. Sanjeev Aga resigned from the post of Director of the Company and subsequently from the Audit Committee with effect from October 27, 2016.

** Ms. Nisha Dutt was inducted to the Audit Committee with effect from November 10, 2016.

% Ms. Poornima Prabhu was inducted to the Audit Committee with effect from March 24, 2017.

Mr. Ganesh K V, Chief Financial Officer, Global Head – Legal and Company Secretary is the Secretary of the Audit Committee.

C. Meetings and Attendance of the Committee during the Year

During the financial year 2016-17, six Audit Committee meetings were held. The dates on which committee meetings were held are as follows:

1.	May 24, 2016
2.	August 09, 2016
3.	September 12, 2016
4.	December 06, 2016
5.	February 03, 2017
6.	March 24, 2017

The dates on which the Quarterly/Half Yearly/Year ended results were considered were as follows:

Sl. No.	Quarterly/ half yearly/ yearly results	Dates on which the results were considered
1.	Quarter and Year ended March 31 st 2016	May 24, 2016
2.	Quarter ended June 30 th , 2016	September 12, 2016
3.	Quarter and Half year ended September 30 th , 2016	December 06, 2016
4.	Quarter and nine months ended December 31 st 2016	February 03, 2017

The Attendance of the Directors at the Audit Committee Meetings for the Financial Year 2016-17 were as follows:

Member	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi	6	6
Mr. Sanjeev Aga*	3	3
Mr. Surjeet Singh	6	6
Ms. Nisha Dutt **	3	3
Ms. Poornima Prabhu [%]	NA	NA

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. The details for Mr. Sanjeev Aga mentioned above are up to the date of his resignation.

** Ms. Nisha Dutt was inducted to the Audit Committee with effect from November 10, 2016.

% Ms. Poornima Prabhu was inducted to the Audit Committee with effect from March 24, 2017.

S.R. Batliboi & Associates LLP, Chartered Accountants, the Statutory Auditors of the Company have attended all the Audit Committee Meetings held during the year.

P.C Chandrashekhar & Co, Chartered Accountants, the Internal Auditors of the Company have attended the meeting of the Audit Committee held on May 24, 2016.

IV. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee considers the performance of the Company as well as general industry trends while fixing the remuneration of Executive Directors. The said Committee as a part of the Remuneration Policy considers the recommendation of appointment of Directors, including Managing Director and Whole Time Director by whatever name called by the Company.

A. Composition of the Nomination and Remuneration Committee as on March 31, 2017 was as follows:

Sl. No.	Name of the Director	Category
1	Mr. Anil Singhvi (Chairman)*	Independent Director
2	Ms. Nisha Dutt	Independent Director
3	Ms. Poornima Prabhu%	Additional Independent Director

Mr. Sanjeev Aga resigned from the post of Director of the Company and subsequently from the Nomination and Remuneration Committee with effect from October 27, 2016.

% Ms. Poornima Prabhu was inducted to the Nomination and Remuneration Committee with effect from March 24, 2017.

* Subsequent to the appointment of Mr. Anil Singhvi as the Chairman of the Company on May 25, 2017 and in accordance with Regulation 19 (2) of SEBI (LODR) Regulation, 2015, Mr. Anil Singhvi resigned from the post of Chairman of the Nomination and Remuneration Committee and Ms. Nisha Dutt was appointed as the Chairperson of this Committee with effect from May 25, 2017.

B. Meetings and Attendance of the Committee during the Year
During the financial year 2016-17, three Nomination and Remuneration Committee meetings were held. The dates on which the committee meetings were held are as follows:

1.	August 09, 2016
2.	February 03, 2017
3.	March 24, 2017

At its meeting held on 09th August, 2016, the Committee approved the terms and conditions of the re-appointment and remuneration of Mr. Surjeet Singh for the period from October 05, 2016 to October 04, 2017, which was placed before the Members for their approval at the 22nd Annual General Meeting held on September 12, 2016 and the same was approved by the Members.

Attendance of the Directors at the Nomination and Remuneration Committee Meetings for the Financial Year 2016-17 were as follows:

Member	No. of Nomination and Remuneration Committee Meetings Held	No. of Nomination and Remuneration Committee Meetings Attended
Mr. Anil Singhvi	3	3
Mr. Sanjeev Aga*	1	1
Ms. Nisha Dutt	3	3
Ms. Priyanka Roy#	1	0
Ms. Poornima Prabhu%	NA	NA

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. The details for Mr. Sanjeev Aga mentioned above are up to the date of his resignation.

Ms. Priyanka Roy was inducted to the Nomination and Remuneration Committee with effect from November 10, 2016. She resigned from the post of Director of the Company with effect from March 10, 2017.

% Ms. Poornima Prabhu was inducted to the Nomination and Remuneration Committee with effect from March 24, 2017.

C. Details of remuneration to all the Directors paid during the Year

The Independent Directors are paid sitting fees of ₹1,00,000 per meeting for attendance in the Board Meetings/ Meetings of other Committees of the Board.

The Nomination and Remuneration Committee determines and recommends to the Board, the compensation payable to the Executive Directors. All Board level compensation is approved by the shareholders, where necessary, and is separately disclosed

in the financial statements. The compensation, however, is within the parameters set by the provisions of The Companies Act, 2013 and rules made thereunder.

Details of remuneration paid to the directors were as follows:

(In INR Lakhs)

Name	Sitting fees	Salary and perquisites	Commission \$
Mr. Sanjeev Aga*	10.00	-	-
Ms. Nisha Dutt	14.00	-	-
Mr. Anil Singhvi	22.00	-	-
Ms. Priyanka Roy	3.00	-	-
Mr. Surjeet Singh**	NA	16.78	-
Ms. Poornima Prabhu#	Nil	-	-

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. All details detailed above are up to the date of his Resignation.

Ms. Poornima Prabhu was inducted to the Nomination and Remuneration Committee with effect from March 24, 2017

§ Remuneration to non-executive directors by way of commission was approved by the Board at their Meeting held on May 25, 2017 subject to the approval of the shareholders at the 23rd Annual General Meeting to an extent of the amount not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of The Companies Act, 2013.

** Benefits provided to Mr. Surjeet Singh:

- Medical Reimbursement: Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family as per the policy of the Company or as approved by the Board of Directors.
- Insurance: Personal accident insurance and Keyman or other insurance as per the policy of the Company or as approved by the Board of Directors.
- Taxes: All taxes, duties, levies, surcharge etc. shall be borne solely by him.
- Expenses: Reimbursement of all reasonable travelling, entertainment and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in the proper performance of his duties and responsibilities. He

shall be entitled to travel business class on all Company related travel which involves travel of more than five hours at any time.

- Leave: casual/sick leave and holidays as per the policy of the Company.
- Termination:
 - The Company or Mr. Surjeet Singh may terminate the agreement giving either party notice in writing of 90 (Ninety) days.
 - If the employment of Mr. Surjeet Singh is terminated by the Company, without cause, before the expiry of 1 (One) year from the Appointment Date, he shall be entitled to receive from the Company, compensation, being rupee equivalent of USD 25,000 subject to usual statutory and other deductions. He does not hold any stock options in the Company.

D. Performance Evaluation

Pursuant to the provisions of The Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of all the Committees of the Board. An Evaluation criteria for the Board of Directors, Members of the Committee and Individual Directors was formulated for such evaluation. The evaluation criteria included aspects related to composition, effectiveness, structure of the board/committee, level of engagement and contribution, independence of judgement etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee is responsible for addressing the investor complaints and grievances. The Committee meets on a periodic basis to address the investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. Details of grievances of the investors are provided in the "Shareholders' Information" section of this Annual Report.

A. Composition of The Stakeholders Relationship Committee as on March 31, 2017

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt**	Independent Director
3.	Mr. Surjeet Singh	Managing Director & CEO

Mr. Sanjeev Aga resigned from the post of Director of the Company and consequently from the Chairmanship of Stakeholders' Relationship Committee with effect from October 27, 2016.

** Ms. Nisha Dutt was inducted to the Stakeholders Relationship Committee with effect from November 10, 2016.

Mr. Ganesh K V, Chief Financial Officer, Global Head – Legal and Company Secretary is the Secretary of the Committee and the Compliance Officer.

B. Meetings and Attendance of the Committee during the Year

During the financial year 2016-17, four Stakeholders Relationship Committee meetings were held. The dates on which the committee meetings were held are as follows:

1.	May 24, 2016
2.	August 09, 2016
3.	December 06, 2016
4.	February 03, 2017

Attendance of the Directors at the Stakeholders Relationship Committee Meetings for the Financial Year 2016-17 were as follows:

Member	No. of Stakeholders Relationship Committee Meetings Held	No. of Stakeholders Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Sanjeev Aga*	2	2
Mr. Surjeet Singh	4	4
Ms. Nisha Dutt**	2	2

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect October 27, 2016. The details for Mr. Sanjeev Aga mentioned above are up to the date of his resignation.

** Ms. Nisha Dutt was inducted to the Stakeholders Relationship Committee with effect from November 10, 2016.

VI. ESOP COMMITTEE (COMPENSATION COMMITTEE)

The Company has instituted Employee Stock Option Schemes in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee grants and administers options under the stock options schemes to eligible employees. There were no grants made during the financial year 2016-17.

A. Composition of The ESOP Committee as on March 31, 2017

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt**	Independent Director
3.	Ms. Poornima Prabhu%	Additional Independent Director

Mr. Sanjeev Aga resigned from the post of Director of the Company and consequently from the Chairmanship of ESOP Committee with effect from October 27, 2016.

** Ms. Nisha Dutt was inducted to the ESOP Committee with effect from November 10, 2016.

% Ms. Poornima Prabhu was inducted to the Employee Stock Option Purchase Committee/Compensation Committee with effect from March 24, 2017.

B. Meetings and Attendance during the Year

The Committee administers the ESOP schemes of the Company by passing resolutions by circulation whenever necessary. These resolutions are tabled before the Board of Directors at their respective meetings which is noted. The committee did not meet in the financial year 2016-17.

VII. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee ("CSR Committee"). The CSR Committee has, *inter alia*, the following mandate:

- formulate and recommend to the Board of Directors of the Company, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of The Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and

- iii. monitor the Corporate Social Responsibility Policy of the Company from time to time.

A. Composition of The CSR Committee as on March 31, 2017

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt**	Independent Director
3.	Mr. Surjeet Singh	Managing Director & CEO

Mr. Sanjeev Aga resigned from the post of Director of the Company and consequently from the Committee with effect from October 27, 2016.

** Ms. Nisha Dutt was inducted to the Corporate Social Responsibility Committee with effect from November 10, 2016.

B. Meetings and Attendance of the Committee during the Year

During the financial year 2016-17, two CSR Committee meetings were held. The dates on which the committee meetings were held are as follows:

1.	May 24, 2016
2.	December 06, 2016

Member	No. of CSR Committee Meetings Held	No. of CSR Committee Meetings Attended
Mr. Anil Singhvi	2	2
Mr. Sanjeev Aga*	1	1
Ms. Nisha Dutt**	1	1
Mr. Surjeet Singh	2	2

* Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. The details for Mr. Sanjeev Aga mentioned above are up to the date of his resignation.

** Ms. Nisha Dutt was inducted to the Corporate Social Responsibility Committee with effect from November 10, 2016.

VIII. RISK MANAGEMENT COMMITTEE

To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, it has constituted a Risk Management Committee to review the Internal Financial Controls amongst other matters. The said committee has also within its scope, the evaluation of significant risk exposures of the Company and to assess Management's actions to mitigate

the exposures in a timely manner. The Company considers activities at all levels of the organization, Enterprise level, Division level, Business Unit level and Subsidiary level in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements i.e. Risk Assessment, Risk Management and Risk Monitoring.

A. Composition of the Committee as at March 31, 2017

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Mr. Surjeet Singh	Managing Director & CEO
3.	Mr. Vinod Kumar Padmanabhan	Chief Operating Officer

Mr. Sanjeev Aga resigned from the post of Director of the Company and consequently from the Committee with effect from October 27, 2016.

B. Meetings and Attendance during the Year

There were no meetings of the Risk Management Committee held during the financial year 2016-17.

IX. INDEPENDENT DIRECTOR

During the year under review, the Independent Directors met on February 3, 2017 *inter alia*, to:

- Review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

X. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 require all the listed companies to institutionalize the vigil mechanism and whistle blower policy. The Company since its inception believes in honest and ethical conduct from all the employees and others who are associated directly and indirectly with the Company. The Audit Committee is also committed to ensure a fraud-free work environment. The policy provides a platform to all the employees, vendors and

customers to report any suspected or confirmed incident of fraud/misconduct through any of the following reporting protocols:

Adequate safeguards have been provided in the policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee is also made available in exceptional cases by sending an email to whistleblower@subex.com. This policy is applicable to all the directors, employees, vendors and customers of the Company. The policy is also posted on the website of the Company.

XI. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2013-14	August 14, 2014	Registered Office	1:00 PM
2014-15	June 19, 2015	Registered office	1.00 PM
2015-16	September 12, 2016	Registered Office	2:00 PM

Details of the Special Resolutions passed at the Last Three AGMs

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining too
August 14, 2014	3	1. Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2013 to October 04, 2014 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of one year 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of one year
June 19, 2015	7	1. Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2014 to October 04, 2015 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of five years 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of five years, 4. Issuance of shares pursuant to reset of Conversion Price of FCCB's, 5. Increase in Authorised Share Capital of the Company 6. Alteration of Capital Clause contained in the Memorandum of Association and 7. Approval of Borrowing limits of the Company.
September 12, 2016	2	1. Alteration of Articles of Association of the Company 2. Reappointment of Mr. Surjeet Singh as Managing Director and CEO of the Company for a period of one year from October 05, 2016 to October 04, 2017

B. Location and Time of the Last Three EGMs

Year	Date of EGM	Venue	Time
2011-12	December 28, 2011	Registered office	11.30 A M
2012-13	June 28, 2012	Registered office	11.30 A M
2012-13	August 17, 2012	Registered office	11.30 A M

C. Postal Ballot during year 2016-17

Pursuant to the provisions of Section 110 and other applicable provisions, if any, of The Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to other applicable laws and regulations, the resolutions for Increase in Authorised Share Capital and Issue of Equity Shares on preferential basis were passed as Special Resolutions by the Members through physical postal ballot / electronic remote e-voting. The notice of the Postal Ballot dated 24th March, 2017 was dispatched to the members on 27th March, 2017 and the Postal Ballot was held between 30th March, 2017 – 29th April, 2017.

The results of voting on each resolution was determined by consolidating the votes casted by the members through e-voting and physical Postal Ballot.

Mr. Pramod S M, Practicing Company Secretary (Membership Number. FCS: 7834, CP No. 13784) was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot, and submitted the consolidated voting results on the resolutions to Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary, Mr. Ganesh K V declared that both the resolutions were passed as special resolution with requisite majority as stated in the table below:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1	Increase in Authorised Share Capital	51,364,551	51,003,488	361,063	99.297	Approved
2	Issue of Equity Shares on preferential basis	51,238,450	51,054,878	183,572	99.642	Approved

The complete results of the voting along with the scrutinizers report were made available on the website of the Company www.subex.com and on the websites of BSE and NSE.

XII. SUBSIDIARY COMPANIES

The Company has overseas material subsidiaries whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. Accordingly, a policy on materiality of subsidiaries has been formulated. The policy has been posted on the website of the Company under the link www.subex.com/corporate-governance/

The Annual Financial Statements of material subsidiaries are tabled before the Audit committee and Board meetings.

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under The Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of The Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict

with the interest of the Company. Suitable disclosures as required by the IND AS has been made in the Note 33 to the Stand Alone and Note 33 to the Consolidated Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link www.subex.com/corporate-governance/

There were no significant related party transactions of the Company of material nature that may have potential conflict with the interests of the Company at large.

None of the Independent Directors have any material pecuniary relationship or transactions with its Promoters, its Directors, its Senior Management or its subsidiaries which may affect independence. The Company has received the relevant declarations in this regard from its Independent Directors Mr. Anil Singhvi, Mr. Sanjeev Aga, Ms. Nisha Dutt, Ms. Priyanka Roy and Ms. Poornima Prabhu.

B. INSIDER TRADING

The company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's shares

and prohibits the purchase or sale of Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Compliance Officer is responsible for implementation of the Code.

C. FINES

During the year 2016-17, there was no fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets.

During the year 2015-16, BSE Limited imposed a fine on the Company under Clause 31 of the erstwhile Listing Agreement for delay in submission to the exchange, the Annual Report for 2014-15. The exchange directed the Company to pay an amount of ₹18,240/- towards fine for late submission to conclude the issue.

Except the above neither any fine, penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

D. CEO/CFO CERTIFICATION

The Company has obtained a certificate from the CEO/CFO as required by Regulation 17 (8) (Part B of Schedule II) of the SEBI (LODR) Regulations, 2015.

E. CODE OF CONDUCT

In compliance with Regulation 17 (5) of the SEBI (LODR) Regulations, 2015, the Company has adopted a Code of Conduct (the 'Code'). This Code is applicable to the Members of the Board, Senior Management Personnel and all employees of the Company and Subsidiaries. The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings particularly on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

During the Financial Year under review, to meet the requirements laid down under the Provisions of Regulation 17(5) of the SEBI (LODR) Regulations, 2015, the Code of Conduct for all members of the Board and Senior Management Personnel was revisited and certain changes were proposed. The same was considered at the Board meeting held on February 03, 2017 and approved. All the

members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31st, 2017. A declaration to this effect, signed by the Managing Director and CEO is provided in the certification section of the Annual Report. The Code has been posted on the Company's website <http://www.subex.com/corporate-governance/>

XIV. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

The annual audited /half yearly & quarterly un-audited results are generally published in all editions of Financial Express/ Business Standard (English) and Vijay Karnataka/Udayavani (Kannada). The complete financial statements are posted on the Company's website www.subex.com. Subex also regularly provides information to the Stock Exchanges as per the requirements of the SEBI (LODR) Regulations, 2015 and updates the website periodically to include information on new developments and business opportunities.

Being a Company with strong focus on green initiatives, Subex proposes to send all shareholder communications such as the notice of General Meetings, Audited Financial Statements, Boards' Report, Auditors' Report, etc., as done in the past, to shareholders in electronic form to the e-mail id provided by them and made available to us by the Depositories. Members are requested to register their e-mail id with their Depository Participant and inform them of any changes to the same from time to time. However, Members who prefer physical copy to be delivered may write to the Company at its registered office or send an e-mail to investorrelations@subex.com by providing their DP ID and Client ID as reference.

XV. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms part of the Annual Report.

XVI. GENERAL SHAREHOLDER INFORMATION

General shareholder information is provided in the "Shareholder's Information" Section of the Annual Report.

XVII. PRACTISING COMPANY SECRETARIES CERTIFICATE

The certificate with regard to compliance of conditions of Corporate Governance as per Clause E of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of this Board Report.

XVIII. COMPLIANCE WITH DISCRETIONARY REQUIREMENTS PROVIDED UNDER PART E OF SCHEDULE II OF THE SEBI (LODR) REGULATIONS, 2015

Part E of Schedule II of the SEBI (LODR) Regulations, 2015 states that the discretionary requirements provided therein may be implemented as per the Company's discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance)/non adoption of non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report. The Company has complied with the following non-mandatory requirements:

A. The Board

The Company appointed Mr. Anil Singhvi, Independent Director as the Non-Executive Chairman of the Company at its meeting held on May 25, 2017. The Company reimburses the expenses incurred by the Chairman for discharge of his duties that are attributable to the company on a regular basis pursuant to the provisions of Regulation 27(1) of SEBI (LODR) Regulation, 2015.

B. Shareholders' Rights

The Company communicates with investors regularly through e-mails, telephone calls and face to face meetings. The Company publishes the quarterly financial results in leading business newspaper(s) as well as on the Company's website.

C. Modified opinion(s) in Audit Report

The Company did not receive any Modified Opinion in the Audit Report of the Financial Statements during the financial year.

D. Separate Posts of Chairperson and Chief Executive officer

The Company has created separate positions to be held by Chairman and Chief Executive officer respectively. The Chairman of the Company is Mr. Anil Singhvi and the Chief Executive officer is Mr. Surjeet Singh.

E. Reporting of Internal Auditor

The Internal Auditors report to the Audit Committee of the Board of Directors and are present as invitees at the Audit Committee meetings held every quarter.

For Subex Limited

Surjeet Singh

Managing Director & CEO

DIN: 05278780

Place: California, USA

Date: June 5, 2017

Anil Singhvi

Chairman & Independent Director

DIN:00239589

Place: Mumbai, India

Date: June 5, 2017

DECLARATION BY THE CEO UNDER CLAUSE D OF SCHEDULE V OF THE SEBI (LODR) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

To,
The Members of Subex Limited

In accordance with Clause D of Schedule V of the SEBI (LODR) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended March 31, 2017.

Place: California, USA
Date: June 05, 2017

For Subex Limited
Surjeet Singh
Managing Director & CEO
DIN: 05278780

CEO/CFO CERTIFICATION IN TERMS OF REGULATION 17 (8) OF THE SEBI (LODR) REGULATIONS, 2015

To,
The Board of Directors
Subex Limited

Dear Sirs

In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, we hereby certify to the Board of Directors that:

- A) We have reviewed the financial statements including the cash flow statement of the Company for the year ended March 31, 2017 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee
 - i) Significant changes in internal control if any, over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

Surjeet Singh
Managing Director & CEO
DIN: 05278780

Ganesh K V
Chief Financial Officer, Global Head- Legal & Company Secretary

Place: Bangalore
Date: May 25, 2017

Place: Bangalore
Date: May 25, 2017

Management Discussion and Analysis

OVERVIEW

Subex Limited ("Subex" or "the Company") has its Equity Shares listed on the National Stock Exchange of India Limited (NSE) and The BSE Limited. The Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of the London Stock Exchange (LSE). The Company's US\$ 127.721 million 5.70% Convertible Secured Bonds (outstanding amount of US\$ 3.60 Million), issued pursuant to the restructuring of US\$ 180 million 2% Convertible Unsecured Bonds and US\$ 98.7 million 5% Convertible Unsecured Bonds, have been listed on the Singapore Exchange Securities Trading Limited since July 10, 2012.

The management of Subex is committed to transparency and disclosure. In keeping with that commitment, we are pleased to disclose hereunder information about the Company, its business, operations, outlook, risks and financial condition.

The financial statements of the Company have been prepared in compliance with the requirements of The Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The management of Subex accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect the form and substance of transactions in a true and fair manner, and reasonably present the state of affairs and profits/ losses for the year under review.

In addition to the historical information contained herein, the following discussion may include forward looking statements which involve risks and uncertainties, including but not limited to the risks inherent in the Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

COMPANY OVERVIEW

We provide software products, solutions and related services to communications service providers ("CSPs") worldwide. Our revenue contributing pie consists of licensing, professional services related to installations and configuration activity, annual support contracts and managed services.

Our pioneering platform, the Revenue Operations Centre (ROC®)

- a centralized approach that sustains profitable growth and financial health of CSPs through coordinated operational control - brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which CSPs can build their processes to drive new business models, enhance customer experience and optimize operations.

Our product portfolio consists of: revenue assurance, fraud management, asset assurance, capacity management, data integrity management, route optimization and partner settlement. Through its expertise in advanced analytics, Subex also enables CSPs to leverage the volumes of data used to generate business insights, which is delivered through consumable storyboards, thus empowering them to take quicker and more decision-based actions.

We are proud to be recognized as a leader in our market. We are especially proud to have received numerous awards jointly with our customers. Our recent awards include:

- Pipeline Innovation Award 2017 in the 'Innovations in Managed Services' & in the "Innovations in Security & Assurance" category.
- Global Telecoms Business Innovation Award 2017 with STC, Saudi Arabia, under the "Enterprise Service Innovation" category.
- BSS & OSS Award 2016 with Telefonica Chile for "Best Fraud Prevention Project".
- Global Telecoms Business Innovation Award 2016 with BTC Botswana.
- Pipeline Innovation Award 2016 in Security and Assurance.
- Telecoms Awards 2015 for "Advances in BSS/OSS category".
- Featured by Frost and Sullivan as one of the "10 companies to watch out for" in 2015.
- Carriers World Award 2015 for best Security/Fraud solution.
- Global Telecoms Business Innovation Award 2015 with Mobily.
- Finance Transformation Best-In Class Financial Solutions Services, 2016 by CIMA.

Our products and services have been chosen by 39 of top 50 telecom operators* and 7 of the world's 10 largest# telecom companies worldwide. Being truly a global company, we have more than 300 installations across 90+ countries.

We have a global presence, employing over 900+ people, with headquarters in Bengaluru, India and offices in Singapore, UK, US and UAE.

*Telecom Operators 500, 2015

#The World's Largest Telecom Companies 2015 – Forbes

More information on (a) our revenue model, (b) our products, (c) our global customer base and (d) an overview on the CSP industry itself is discussed below.

OPPORTUNITIES

Data and Voice services are becoming commodity for telcos and in order to create the sustainable revenue stream, they are launching new digital services such as mobile banking, digital content services, wallet services etc. Most of these services would need new partner ecosystem and they need partners who can manage this new ecosystem. Subex can play a significant role due to its firm relationships with global telcos. While telcos are launching these new digital services, they are exposed to new risks, security, compliance and regulatory requirements. Subex can play an important role in managing the digital risks due to its pivotal position in managing fraud and revenue assurance domains for more than two decades. Due to digital nature of all business processes, a lot of data is getting generated. Telcos need trusted partners who are able to manage this data and derive meaningful business insights to create competitive advantage. Our pioneering platform ROC® is able to manage large data, business intelligence and domain knowledge which can help global telcos in driving their new business models, enhancing customer experience and optimize business operations.

THREATS

Core areas of Subex such as fraud management, revenue assurance, partner settlement are evolving further. For instance,

Fraud management is evolving as enterprise risk function; revenue assurance is becoming a part of revenue management and partner settlement is evolving into larger partner management in order to manage the digital ecosystem for telcos. Subex needs to ensure that this evolution becomes much smoother for itself and for its clients. Subex needs to ensure that it would create the leadership position in these newer areas to generate sustainable revenue scheme.

On having the new digital services rolled out by telcos and their efforts to roll out these new services into other verticals, Subex may have to compete with newer partners of telcos managing risks and frauds in these new verticals such as banking, insurance, utilities etc. These verticals may have newer buying centers for fraud or revenue management and assurance. Subex needs to cross-sale its products and solutions to new buying centres.

OUR REVENUE MODEL

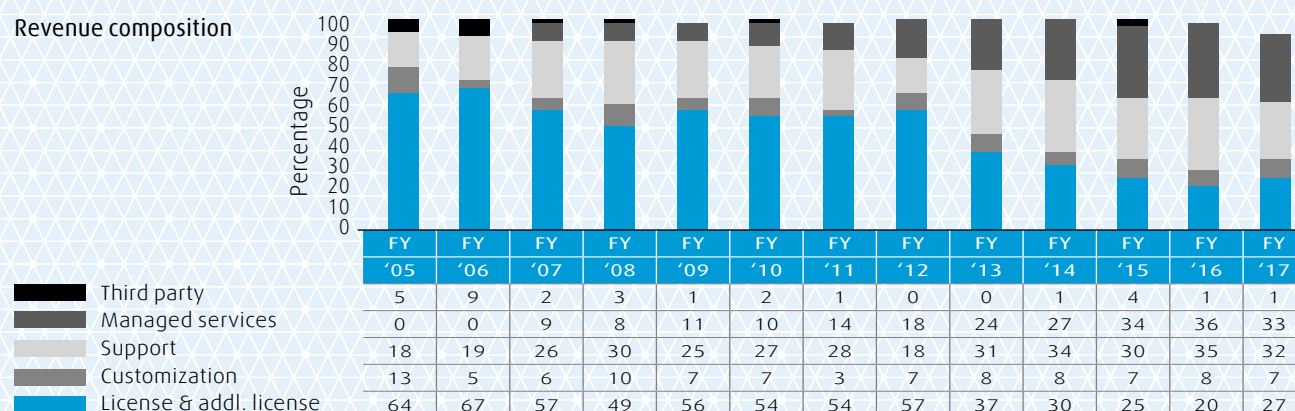
Our revenue generally comes from sale and implementation of its licences and implementation of its proprietary software and managed support services.

We generally license our software products on per subscriber or per transaction basis. This means that when our customers experience growth, we can also expect to benefit from that growth. Typically, there are significant professional services revenues associated with each new software installation as well as with upgrades.

Our annual support contracts are generally priced as a function of the total license fees paid by the customer. Thus, our annual support contracts would also tend to experience growth when our customers experience growth. Importantly, annual support contract revenue tends to be recurring revenue.

Finally, we have been experiencing increasing success with

Revenue composition



managed service revenue. Like annual support contracts, managed services provides a relatively predictable recurring revenue stream. At the same time, our managed service offering provides us with an opportunity to maintain a continuous touch point with the customer so we can better understand their needs and we have opportunity to educate them on our offerings and skills.

OUR PRODUCTS

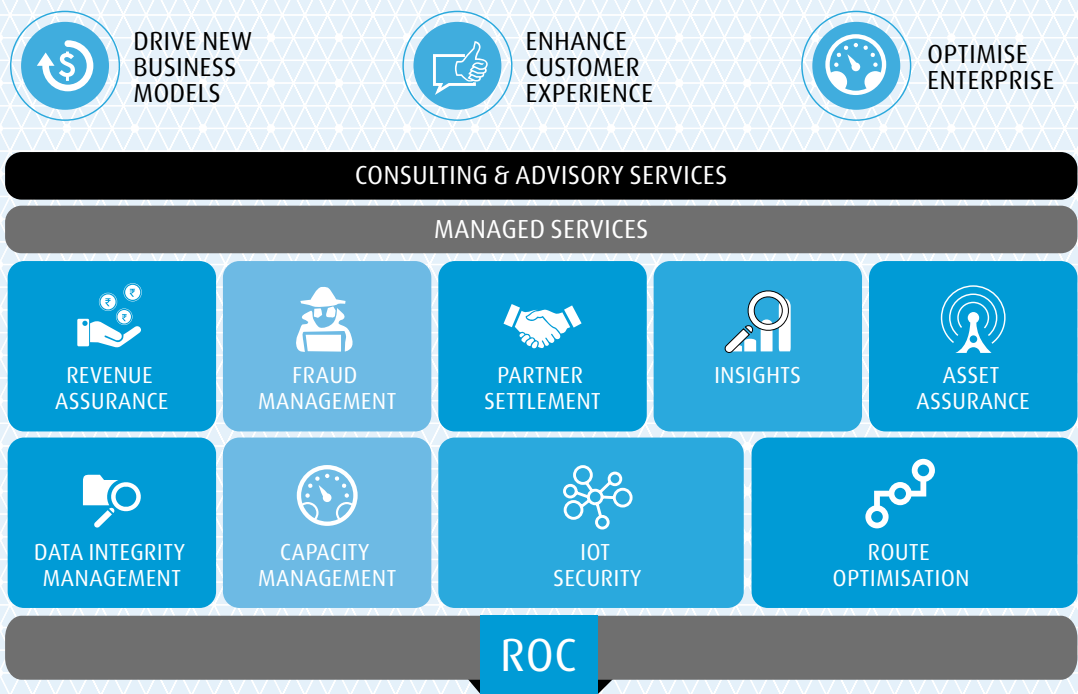
Subex offers the Revenue Operations Centre (ROC®) which has solutions as Revenue Assurance, Fraud Management and Asset Assurance, Data Integrity Management, Capacity Management, Interconnect Billing, and Partner Settlement. On top of these solutions, Subex also enables CSPs to leverage their harvested information to take decision-based actions by providing contextual, consumable and actionable insights through advanced analytics, called ROC Insights. In addition to these, Subex also offers its IoT Security solution called Subex Secure.

All solutions come together to help CSPs prevent fraud losses, collect all revenues, reduce defaulted payments, reduce wasteful expenditure, manage inter-carrier and partner expenses and optimize CAPEX.

The ROC enables profitable service provider growth through coordinated operational control.

Functions of ROC:

- Creates a direct linkage between operations and profitability based on credible and timely cross-functional data correlation.
- Brings together, in a synergistic manner, formally disparate assurance, audit and governance functions.
- Enables an operations infrastructure that monitors and controls the entire revenue chain and identifies risks to margins and customer satisfaction.
- Supports business and operational innovation programs because of its end-to-end view.



ROC Revenue Assurance

ROC Revenue Assurance is the telecom industry's first revenue assurance solution that simplifies RA. It helps telecom service providers transform mountains of data from across business platforms/systems into valuable actionable insights that aid revenue maximisation processes. ROC Revenue Assurance has

pioneered the Next Generation RA DNA (Dynamic Network Analytics) technology where operators can quickly invoke GUI-driven building blocks to rapidly deploy extensive Revenue Assurance and Enterprise Business Process controls within their operations. DNA is network topology agnostic and supports revenue management for both traditional communication

services and digital services offerings. The solution offers both pre-built set of controls packaged to reduce time of production, as well as capabilities to support any business process that aids revenue management, automating and simplifying complex revenue and cost processes.

ROC Revenue Assurance also offers two path breaking concepts: Revenue Pad and Zen. RevPad provides end to end view of all business process related metrics that helps key stakeholders derive a view of overall system. ZEN is the industry's first virtual analyst that assists operators in investigation and diagnosis. This enables material increase in analyst productivity, increased coverage across revenue checkpoints and reduced time to benefit realisation for a service provider and supports Revenue Assurance teams to align their successes with broader organizational goals - such as higher margins and customer satisfaction.

ROC Fraud Management

ROC fraud management is built to increase fraud prevention in the telecom industry by eliminating known frauds, uncovering new fraud patterns, minimizing fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements. Subex's telecom fraud management system detects known fraud types and patterns of unusual behaviour helps investigate these unusual patterns for potential fraud, and uses the knowledge, thus generated, to upgrade and protect against future intrusions.

The solution is characterized by its unique architecture that harnesses the power of proven rules-based alarms and pattern matching driven by advanced statistical techniques. Adding power to this hybrid detection system is a set of potent case management tools. These tools provide relevant case data that are made easily accessible through a single window in a fast web-based GUI.

ROC Fraud Management is highly flexible, allowing operators of different sizes to customise rules to suit unique network and business requirements. A configurable workflow management tool integrates the investigation process with detection.

With Subex's comprehensive fraud management system, operators can detect fraud types in all telecom environments: Wireline (PSTN, ISP, VoIP), and Wireless (2G, 2.5G, 3G & 4G); and across all services: postpaid, Payment, VAS, MMS and M-commerce.

ROC Partner Settlement

ROC Partner Settlement allows operators to quickly and accurately settle charges with their network and content partners. It helps operators improve efficiency through light

touch and automation, accurate billing and settlement and prudent accrual provisioning. Catering to the need for visibility of each deal's impact on an operator's bottom line owing to shrinking margins, the solution provides strong coverage in all areas from order to cash. It enables operators to manage costs and revenues on interconnect and partner agreements with domestic and international operators as well as content partners on a day-to-day, and hour-to-hour basis.

New types of complex agreements in areas such as IP and content-based services require new system capabilities to ensure that operators have accurate data available to assure revenues. ROC Partner Settlement's flexibility, scalability and ease of use empower all types of service providers, fixed or mobile, national incumbent or new entrant. This is a comprehensive solution to help Telecom operators with interconnect, content and digital settlements giving them the edge needed to prosper in today's market.

ROC Route Optimization

ROC Route Optimization is designed to provide operators with tools to manage network cost information supplied by other operators. Additional analysis on the impact of current operator tariffs as well as forecasts on potential future operator tariffs is also featured. The system is capable of taking into account factors such as call quality, rate information, capacity, and network costs to arrive at the optimum choice of operators. The solution ensures that the entire end-to-end processes from dial code/destination operator rate imports to switch updates are controllable and auditable. It is fully supported by a comprehensive list of reports and when generating an optimized routing table, the system provides an integrated management of the routing table changes across multiple business functions. This solution helps telcos to derive the best breakouts and cost routes. The processes also enable communication service providers to establish focused efficiency-increasing task automation, thereby reducing data redundancies.

IoT Security Solution - Subex Secure

Subex Secure solution monitors and alerts to threats in near real-time Internet of Things (IoT) environments. The Subex security narrative focuses on the concept of holistic 'cyber resilience' from asset and incident discovery and monitoring through response and recovery. In addition to its specialized, agentless software for heterogeneous IoT environments to extract and analyze data from IoT edge sources and apply IDS and SIEM capabilities. It also offers SLA-based 24/7 monitoring services via a global network of SOCs, honeypots and skilled security analysts. Subex uses an agent-based model for homogeneous deployments focused on

remote attestation.

The Subex IoT security offering is a managed service that primarily consists of four distinct Technologies:

- an intrusion detection system,
- a web access firewall,
- a SIEM and
- a contextual anomaly detection system

In addition to monitoring services, Subex works with clients to develop customized incident response plans in the event of a breach. Through its partners, Subex also brings private VPN, encryption, authentication and secure key storage services to its clients. The combination of Subex's native security capabilities results in threat detection based on signatures, heuristics and anomaly detection, allowing the company to identify both known and unknown threats.

In addition to its capabilities in the telecom and consumer/enterprise IoT space, Subex also offers its IoT security solution for industrial control systems and smart city infrastructure domains. This offering includes cascading policy controls across different levels in the ICS environment, role-based access control, privilege control and audit trails.

ROC Asset Assurance

ROC Asset Assurance is a Telecom Asset Lifecycle Management solution which provides framework and controls to manage network CAPEX efficiently. The solution ties the financial parameters of the assets to its current utilization and location, creating a 360 degree view of the asset, generates accurate reports for audits and calculates return on assets. Bridging the gap between network and finance functions, ROC Asset Assurance uses a state-of-the-art network intelligence for:

- Knowing what you have (Knowing what assets you have and its utilization).
- Measuring what you have (Setting up controls to monitor assets location and utilization).
- Optimising what you have (Asset optimisation leading to CAPEX and OPEX efficiency).

In addition, it simplifies field audits, provides near real-time capacity views, recommendation to optimise network utilisation and optimises P2R (Plan-to-retire) and cash-to-cash cycle for assets and improves overall operational efficiency.

ROC Data Integrity Management

Subex is the pioneer of data integrity management, with over a decade of experience in data integrity transformations with the world's leading service providers. ROC Data Integrity

Management is the industry's first solution for improving the quality of data that drives key service provider processes, resulting in lower costs and higher service profitability. This solution combines three powerful data integrity functions: multi-layer network and service discovery; data reconciliation; and discrepancy analytics.

ROC Data Integrity Management discovers network resources, identifies them and reconciles them with OSS/BSS databases such as between an inventory management system and an order management system and a billing system or an asset tracking system based on Service Provider business rules. Leveraging inherent cross-domain intelligence and extensive off-the-shelf network equipment support, Data Integrity Management discovers devices and logical services in diverse network environments and reconciles this data with the OSS/BSS on a continuous, controlled basis. The result is consistent, relevant data throughout service provider's operations, enhancing the effectiveness and value of service fulfillment, service assurance, and billing systems.

ROC Capacity Management

ROC Capacity Management solution enables CSPs to prevent an availability or performance impact on business-critical applications due to capacity issues. ROC Capacity Management provides the critical link between network discovery and predictive analytics to identify capacity 'hot-spots' and predict 'time-to-exhaustion'. It provides a holistic view of capacity through which it helps CSPs see threshold violations on key links and resolve capacity issues based on near real-time data. It further engages analytics functions to provide actionable intelligence and predict scenarios and their impact on network capacity which would help CSPs to plan capacity investments accordingly. This ensures removal of capacity issues and ensures smooth operation of business-critical applications thereby resulting in positive customer experience.

ROC Insights

Today, for Communications Service Providers (CSPs), the volume of data required to be dealt with is enormous. Being able to store and access such volumes of data is only part of the problem for them. In order to effectively use the data to improve and optimise business processes, CSPs need analytics & insights to derive actionable intelligence out of it. Many organisations in fact have understood the importance of having a Data Analytics strategy and have made efforts towards harnessing and leveraging the data available to them. Unfortunately, the numerous solutions which they are currently using are limited in terms of providing actionable insights upon which business

decisions can be taken. Due to this, CSPs are not able to generate ROI from their Data Analytics solution.

Business Insights is a unique approach to solving the problem with data growth. The cornerstone of this offering is to leverage big data and generate nuggets of information – which are “Consumable”, “Actionable” and “Contextual”. Based on Subex’s two decades of B/OSS expertise, telecom domain knowledge and telecom analytics experience, the program is built on the pillars of “Domain”, “Analytics” and “Technology”.

ROC Insights helps operators extract valuable information from data, predict and act upon irregularities, increase overall efficiency and effectively monitor business changes in near-real time. Moreover, through the generation of consumable and interactive storyboards, ROC Insights transcends beyond providing mere dashboards to providing insights which can be consumed by executives across multiple levels.

Consulting & Advisory Services

While telcos are undergoing transformation, and becoming digital lifestyle service providers, they need trusted partners at the operational level in order to make sure they have the right domain, technology and processes. Subex with its more than 25 years of experience in telecom domain, end-to-end experience in defining strategy to execution and use of relevant tools that are compliant with global forums such as TM Forum and CFCA; is the right partner of choice in consulting and assessment services for global telcos.

Subex offers consulting and advisory services in the following domains:

- **Maturity assessment:** Benchmarking of their revenue assurance and fraud management processes with respect to global standards and provide metrics across people skills, processes, technology usage and measurement strategies.
- **Business operations assessments:** Gap analysis of existing processes and provide the roadmap to close these gaps using “analyse, evaluate, assess and recommend” framework.
- **Risk management:** Identify the risks in the revenue chain and plug leakages in a timely manner, through regular end to end assessment of the existing business and revenue streams. Subex’s custom framework is based on a thorough understanding of risks, creating a Risk Control Matrix utilizing TM Forum standards, and developing comprehensive standard operating procedures.
- **Business process re-engineering:** Review of the existing business processes and then design and implement the new business process after considering the best industry practices.

- **System integration and IT support operations:** While migrating from legacy OSS/BSS infrastructure Subex provides extensive checklists and exhaustive test cases making sure that migration cost is reduced. Subex can also help in carrying out customized health-check of RA and FM IT operations of telcos.
- **Product and service margin assurance:** Assessment of the target market and holistic margin and profitability check for the entire service and product catalogue.
- **Portfolio optimization:** Optimising offering portfolio by holistic assessment of products and offerings considering subscriber base, price points, usage patterns, revenue share and benefit comparison with other offerings.

Managed Services

In an era of intensifying competition, demanding customers, shrinking margins and near-flat top lines, it is imperative to manage Business & Operations Support Systems (B/OSS) effectively. Whether it is a business executive or a functional leader, we understand challenges related to running such operations. There is a dearth of domain experts; Commercial-Of-The-Shelf (COTS) software products while implemented are not being utilized to their maximum capabilities; there is a continuous pressure on managing with limited resources; even though output expectations are sky high.

At Subex, Managed Services offerings are designed to drive outcome and protect revenues by enhancing customer experience. Pillared on four main aspects i.e. Cost, Quality, Time-to-market and Capability, the engagement is aimed to provide rapid ROI, increase e-efficiency and in-turn deliver maximum value. Driven by robust technology-led capabilities, Subex Managed Services offers a variety of engagement models providing complete flexibility to operators based on their business needs.

Subex Managed Services program is designed to add both strategic and tactical value to service providers’ operations and enable better customer experience while also enhancing their operational efficiency, service agility and profitability. With Subex at the helm of its operations, service providers can redirect critical resources at core business functions generating more revenue and saving costs.

Subex understands that no two service provider requirements are alike and hence offers the flexibility to pick and choose services based on:

- **Scope of Operations:** Ranging from standard operations to large scale transformational programs
- **BSS / OSS Domains:** Drawing from Subex’s established

expertise on various BSS / OSS domains

On-Site Support: High caliber, experienced resources to ensure functional continuity and high resource efficiency.

End-to-End Managed Services

This model is perfect for most operators in today's market as it results in the highest performance with the lowest Opex and Capex.

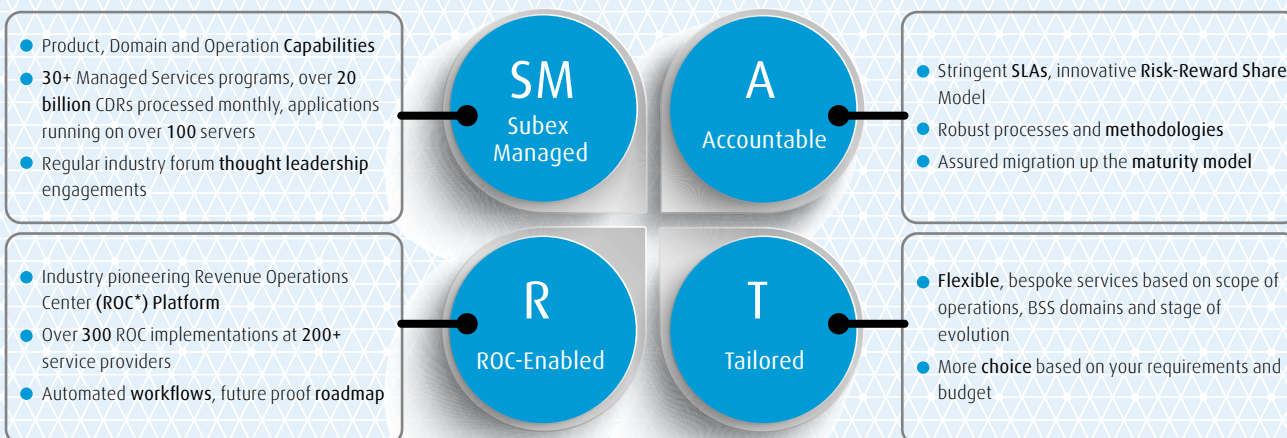
On-demand, Software-as-a-Service (SaaS) – ROC cloud

Small and medium telcos have business support system (B/OSS) needs that are very different from those of larger telcos. In the

same vein, most B/OSS products are developed to address the needs of large telcos. They are loaded with a host of standard features, not all of which are relevant to smaller organizations, and necessitate a substantial investment in licenses and resources. Quite naturally, it is difficult to justify this investment in most small and medium organizations. Subex is recognized as the leader in the business optimization space and has pioneered the concept of the ROC – the Revenue Operations Center – to enable profitable growth through coordinated operational control. The same ROC is delivered as a service to suit the needs of small and medium telcos in the form of ROC cloud.

Subex Managed Services

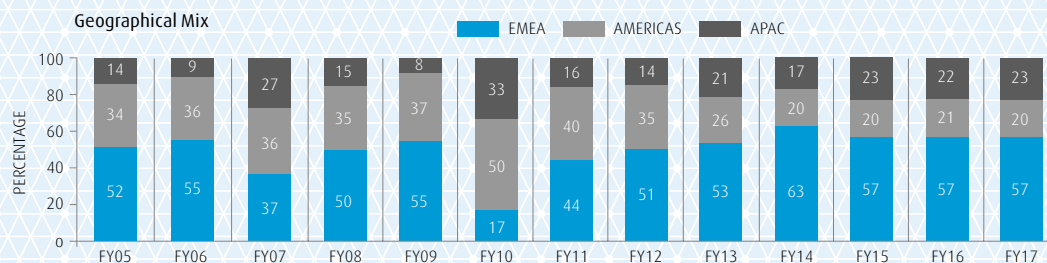
SMART services leveraging proven technology



Services leveraging proven technology

OUR GLOBAL CUSTOMER BASE

Subex today serves over 300 installation spread across 90 countries. This includes 39 of the world's 50 biggest telecommunications service providers worldwide. The chart below illustrates the geographical mix of customer base:

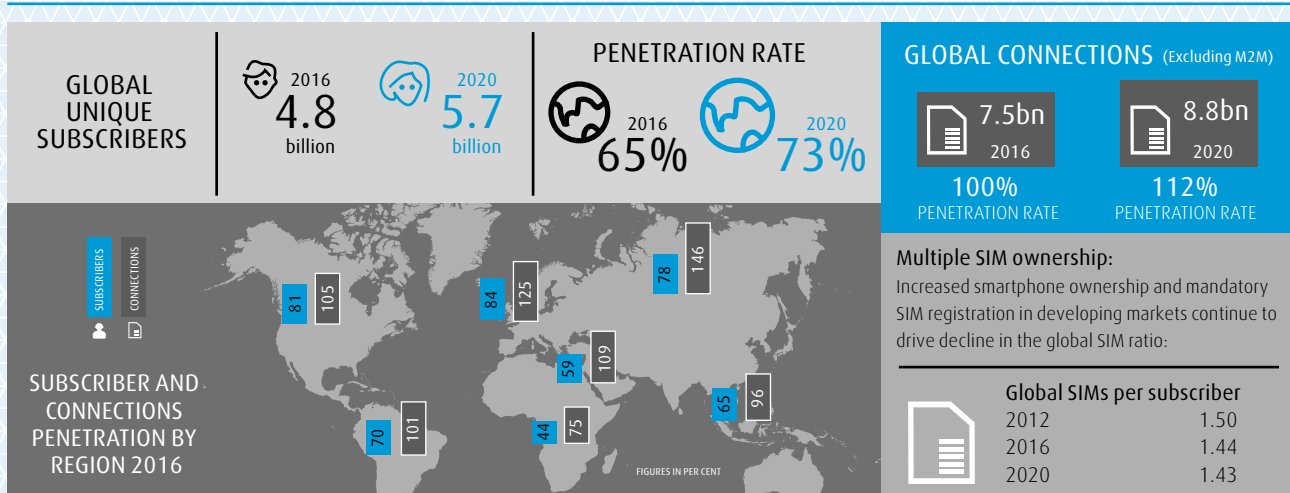


THE CSP INDUSTRY – the mobile market and its outlook

A major share of the CSP industry is focused on the mobile market and that market deserves some discussion.

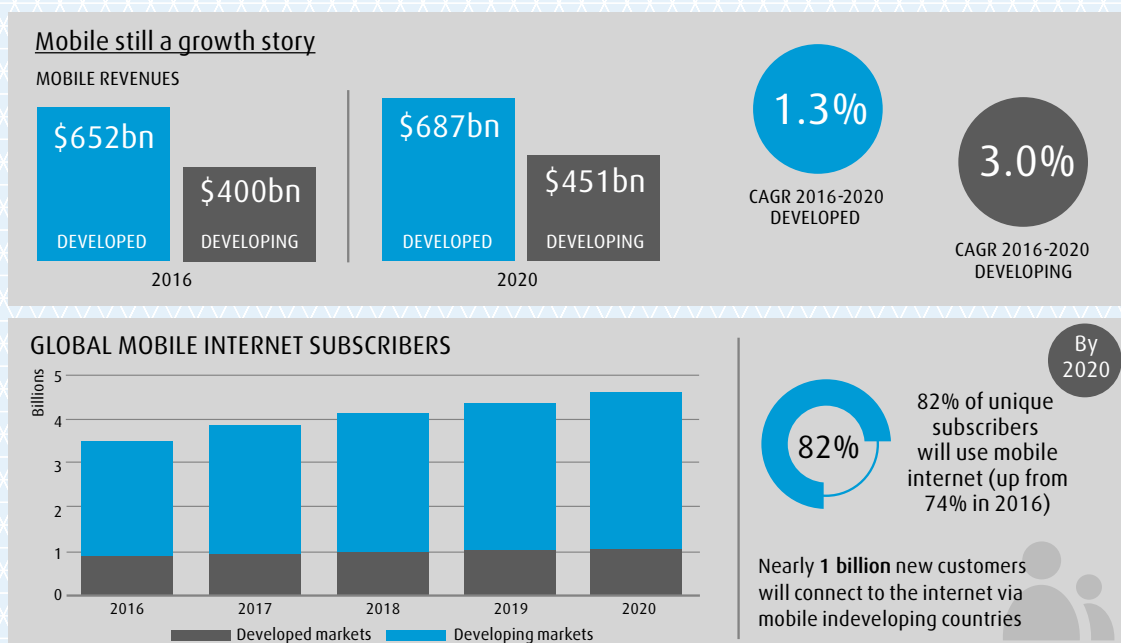
As per GSMA, at the end of 2016, there were 4.8 billion unique mobile subscribers globally, equivalent to 65% of the world's population. By 2020, almost 73% of the global population

will have a mobile subscription, with around 1.3 billion new subscribers added over the period. As discussed above, our licensing model is tied to subscriber growth but this growth would be at risk as it is reaching the saturation level. For example, in developing countries, unique subscriber growth was 4% and 1% between 2010 and 2020 respectively. For the developing countries, an annual subscriber growth in 2010 was 16% and would be about 3% in 2020.



Source: GSMA

Mobile revenues in developed nations are going to increase from \$652 bn in 2016 to \$687 bn in 2020 by CAGR of 1.3%. For the same period for developing nations, mobile revenues are going to increase from \$400 bn to \$451bn at the CAGR of 3%.



Source: GSMA

Interestingly by 2020, 82% of unique subscribers will use mobile internet up from 74% in 2016. Nearly 1 billion new customers will connect to internet via mobile in developing countries. This is in line with telcos growing strategies of providing digital services on the cost-effective data plans and Subex sees this as major opportunity to make most of its evolving portfolio. We also have a strong history of operating successfully in the developing markets and we have a good understanding of the challenges of this market allowing us to be well positioned to grow as this market is growing.

Another important trend that we have observed in the telecom domain is 4G-LTE rollout. As of December 2016, 588 operators have commercially launched 4G-LTE networks across 188 countries.

GLOBAL 4G-LTE FORECASTS : 2012-2020

2016



2020

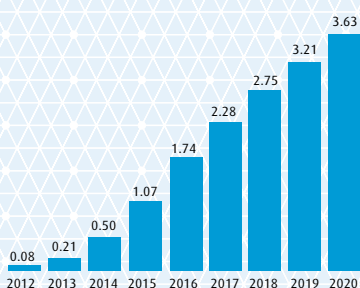


Source: GSMA

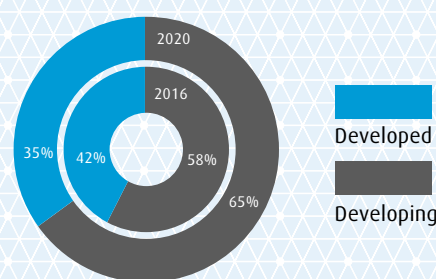
As per GSMA, the number of 4G operators to increase by a third by 2020. In 2016, there were 1.74 billion (excluding M2M) 4G-LTE connections which are likely to grow to 3.6 billion (excluding M2M) by 2020. More than 40% of global telecom connections would run on 4G-LTE networks by 2020, from 23% in Q4 2016.

More than 3.6 billion 4G-LTE connections (excluding M2M) expected worldwide by 2020

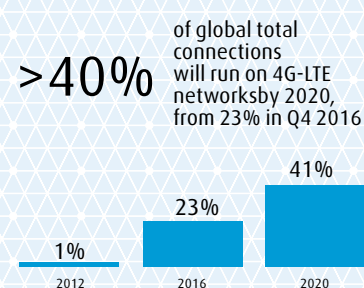
Global 4G-LTE connections, in billions (excluding M2M)



Developing and developed markets; share of global LTE connections



% of global total connections (excluding M2M)



Source: GSMA

As 4G-LTE connections would give a significant opportunities for telcos to offer digital services, there is a very good opportunity for Subex to offer its risk and security portfolio for these services. In addition to that, Subex can also offer its asset assurance solution helping operators in optimising their costs of networks. Lastly, with its advanced analytics and insights solutions, Subex can help global telcos in enhancing customer experience for digital services rolled out on 4G-LTE networks.

RISKS AND CONCERNS

As our investor, you already understand that risks are part of any business. It is not possible to detail every risk to the business. But, we wanted to provide some information on certain risks including: (a) reduction in consumer and business purchasing; (b) consolidation in our customer base; (c) dependence on communications service providers as our sole customers; (d) security; (e) improper disclosure of personal data could result in liability and harm to our reputation; (f) Technology changes and obsolescence may impact our business; (g) recruiting and retention of personnel is challenging; (h) adequately protecting our intellectual property may not be possible; (i) allegations of infringement of third party intellectual property poses risks; (j) variability of our quarterly operating results makes comparisons difficult; (k) non-compliance with statutory obligations may result in fines and penalties; (l) non-compliance with environmental regulations may lead to fines and penalties; (m) foreign exchange fluctuations may lead to variability in our revenue; (n) SEZ related taxation benefits may be uncertain; (o) failure to fulfill contractual obligation may lead to claims; and (p) debt obligations. Below, we will discuss each of these risk factors in some more detail. There are, of course, additional risks faced by us.

Reduction in Consumer and Business Purchasing

We depend on our customers - large communication service providers ("CSPs"). If our primary customers face reduced revenue, we will also face reduced revenue. CSPs primary customers are consumers and businesses. Of course, reductions in spending by consumers or businesses will reduce revenue of CSPs. And, this will result in decreased spending by the CSPs which means reduced revenue for us.

Consolidation in our customer base

CSPs have gone through considerable consolidation. The consolidation, or merger, of one CSP with another can have at least three impacts on us. Firstly, it will simply reduce the overall size of the market; each consolidation effectively reducing the number of potential customers for our products. Secondly, it can and does happen that one of our existing customers can undergo a consolidation. In that event, the other party to the consolidation may have already have competing products and the combined company may choose to continue with the use of the competing product rather than use our product/ services. Of course, it can also happen that the two companies as one choose to use our products. While the consolidation of two customers will not necessarily reduce our revenue by half, it certainly has an adverse effect on our revenue as the combined company attempts to reduce their consolidated spending. Thirdly, larger

customers simply have more negotiating power leading to reduced prices for our products. The Company strives to have a deep penetration within the accounts that it serves so as to provide an edge over competitors and be a preferred choice during such consolidations.

Dependence on the Communications Service Providers as our sole customers

We mentioned above our customers are CSPs. We are fully dependent on CSPs as our customer base. As a result, we are fully susceptible to any downturns or negative changes in the CSP industry.

Security

You must be well aware that security threats are prevalent everywhere today. This is, perhaps, especially true in the technology industry where we participate. The security vulnerabilities take many forms. Hackers may attempt to compromise computer systems and networks. Fraudsters may attempt to steal the identity of our personnel to gain access to our computer systems, networks and even banking systems. Terror activity could have an adverse impact on our business. We may fail to adequately design our products leaving our customers exposed to hacking and other network vulnerabilities. Perhaps this concern - of failure to adequately design our products leading to exposure of our customer's information is one of the largest concerns. If one of our customers faced a security breach allegedly as a result of use of our products, it would cause significant reputational risk to us and may lead to claims against us.

We devote significant resources to mitigate security threats including threats to our internal IT systems, with respect to our products and with respect to physical security of our buildings. But, there cannot be any guarantee that these efforts will avoid security breaches.

Improper disclosure of personal data could result in liability and harm our reputation

You are probably aware of the global trend toward more sensitivity regarding improper disclosure of personal data. This global trend has a number of impacts on us. There are additional laws and regulations in many jurisdictions. This not only leads to increased administrative costs of compliance and increased difficulties in doing business but violations of these laws and regulations involve higher and higher fines and penalties. At the same time, we are storing and processing increasingly large amounts of personal data which leads to increased potential exposure.

We take what we consider to be appropriate steps to provide for the security and protection of all data including personal data. But, despite these efforts, it is possible our practices may not prevent the improper disclosure of personal data. Improper disclosure of this information could harm our reputation, lead to legal exposure, lead to claims against us by customers including claims for indemnification or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

It is important to note that our potential liability for customer financial damages associated with losses of personal data is generally not limited by limitation of liability provisions in customer contracts.

Technology changes and obsolescence may impact our business

We experience rapid technological changes which could make our technology and services obsolete, less marketable or less competitive. These changes result in our need to continually improve the features, functionality, reliability and capability of our products which poses development challenges and expenses. We may not be able to adapt to these changes successfully or in a cost-effective way which may adversely affect our ability to compete and retain customers or market share.

While the rapid technological changes require us to change our products, launching new products is also a key element of our growth. An inability to bring new products with high demand to the market in a timely manner will reduce our growth and profitability.

We make strong efforts to put in place processes and methodologies to address these issues and to turn it into a strategic advantage by being in the forefront of technological evolution. For example, regular skill upgradation programs and training sessions that include attending global conferences, employing specialized consultants etc. are undertaken.

Recruiting and Retention of Personnel is challenging

The retention of personnel generally and, in particular, skilled software personnel is a major risk we face. To assist with our recruiting and retention efforts, we attempt to put in place an empowering atmosphere with opportunity for growth, extensive mentoring and career counseling, and the opportunity to work in cutting edge and challenging technologies. Nonetheless, a competitive environment for personnel with the skills we require poses risks and challenges.

Adequately Protecting Our Intellectual Property may not be possible

We operate in a global environment; protecting our proprietary technology in the many different jurisdictions we operate in is challenging. We depend on a combination of technical innovations, as well as copyrights and trade secrets for protection of our technology. We also maintain patent and trademark protection as we deem appropriate. But, some jurisdictions have limited laws protecting technologies. Other jurisdictions, even if they have laws, have limited or difficult enforcement systems. And, even in jurisdictions with adequate laws and enforcement systems, detection of infringement of our rights may be difficult and, even if detected, engaging in litigation to enforce our rights would be expensive.

Departure of our personnel, especially to a competitor, is a particular risk to our technology and intellectual property rights. We generally require all employees and advisors to sign agreements which require that our information is maintained as confidential during and after employment. These agreements also assign or otherwise vest rights in the intellectual property developed by these employees and advisors in the company. Even so, these agreements may not effectively prevent disclosure of our information or effectively assign rights to us. Further, detection of violation of these agreements may be difficult and it may be difficult to enforce these agreements even when violations are detected. You will understand that any exposure of our information by former employees or any failure to adequately have rights assigned to us, may have a material adverse effect on our business, financial condition and results of operations.

Allegations of Infringement of Third Party Intellectual Property poses Risks

We may face claims by third parties that our products infringe on their intellectual property rights. Whether or not we prevail in any intellectual property dispute, defending the dispute may be expensive, it may distract our management and other key personnel and its outcome is uncertain. Further, if any of our products are found to infringe the intellectual property rights of others, or if we settle a claim in an adverse manner, it may restrict or prohibit further development, manufacture and sale of our products. And, a loss or adverse settlement may require us to pay substantial damages. We may also be forced to seek licences to continue to use the intellectual property. These licences may not be available on commercially acceptable terms or at all.

Furthermore, we are required to indemnify our customers against third-party claims of infringement of intellectual property arising out of customers' use of our products and services. Typically, our liability for such indemnification is not limited by limitation of liability provisions in customer contracts.

Further, we are often in possession of proprietary information of our customers. This information may be wrongly used or disclosed or may be misappropriated by employees of the Company or others. This would result in a breach of our contractual obligations to our customers. Any such breach may subject us to a significant claim from the customer for damages and may also significantly damage our reputation.

The Company has a consistent program of requiring NDAs before disclosure of Company trade secrets/confidential information to third parties. Employees must sign confidentiality terms as part of employment.

Allegations of infringement of third party intellectual property rights, against us or our customers with respect to our products, or any allegation of breach of our confidentiality obligations to our customers could have a material adverse effect on our business, financial condition and results of operations.

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

Our quarterly operating results have varied in the past due to reasons like seasonal pattern of hardware and software capital spending by customers, information technology investment trends, achievement of milestones in the execution of projects, hiring of additional staff and timing and integration of acquired businesses. Hence, the past operating results and period to period comparisons may not indicate future performance. Our management is attempting to mitigate this risk through expansion of our client base geographically and increasing steady annuity revenue such as through managed services.

Non-compliance with statutory obligations may result in fines and penalties

We face certain statutory obligations. Some of these obligations arise from the fact that we have registered with Special Economic Zone for software development activities and have availed Customs Duties, Sales Tax and Central Excise exemptions. The non-fulfillment of export obligations or other non-compliance with statutory obligations may result in penalties as stipulated by the Government and this may have an impact on future

profitability. The Company has team of in-house attorneys and engages outside counsel/consultants on an as-needed basis in India and the U.S. An ongoing monitoring mechanism has been established with respect to applicable laws.

Non-compliance with Environmental Regulations may lead to fines and Penalties

Software development, being generally a pollution free industry, means we are not subject to significant environmental regulations. Nonetheless, non-compliance with applicable environment regulations may lead to significant fines and penalties. We do adhere to the guidelines for disposing of E-wastes as stipulated by the E-Waste (Management and Handling) Rules.

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

We have substantial exposure to foreign exchange related risks on account of revenue from export of software and outstanding liabilities. There is a natural hedge to the extent of expense incurred in same currency. Despite this, particularly given the volatility in the foreign exchange market, there could be significant variations.

SEZ related taxation benefits may be uncertain

Indian Government is committed towards the most awaited tax reform i.e. Goods and Services Tax ('GST'). GST is proposed to be rolled out with effect from July 1, 2017. We in India operate out of Special Economic Zone ("SEZ"). SEZ units currently avail various tax benefits. While tax protection is expected to continue under the GST regime, there is a significant amount of uncertainty around its impact on SEZ units. This could potentially lead to incidence of higher tax

Failure to Fulfill Contractual Obligation May Lead to Claims

We enter into contracts with our customers in the ordinary course of business under which we are obligated to perform and act according to the contractual terms. Any failure to fulfill these contractual obligations may expose us to financial, reputational and other risks.

Our management believes it has taken sufficient measures to assure it meets its customer contractual obligations. Nonetheless, there cannot be any assurance that a customer will not allege a breach by us of our obligations.

Debt Obligations

As at March 31, 2017, the Company had the following outstanding FCCB's

(amount in US\$ million)

Particulars	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on 8 th March, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on 2 nd November, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance 31 st March, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on 6 th July, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares during on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity upto 31 st March, 2016	-	-	(86.85)
Balance as on 31 st March, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on 6 th March, 2017	(1.00)	(1.40)	-
Balance as on 31 st March, 2017	-	-	3.60

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

In accordance with the provisions of Section 134(5) of The Companies Act, 2013, and as per the provisions of The SEBI (LODR), Regulations, 2015, the Company has in consultation with a reputed independent consultancy firm that specializes in advising corporates on internal financial controls, strengthened the existing financial controls of the Company.

Such internal financial controls were found to be adequate for a Company of this size and are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company

has adopted accounting policies which are in line with Indian Accounting Standards ("Ind AS").

Pursuant to the provisions of the Section 134(5)(e) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head of department who then along with the Company Secretary discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Company Secretary reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries.

Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex has been certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). The Company being in the IT space conducts internal audits of Information Security, Quality Management System twice

a year covering projects and functional groups. Internal audits of such nature are conducted across all locations of Bangalore, UK and the US regions. A consolidated summary is prepared and strengths and weakness across projects, functional groups is shared with all auditees. Reports are shared to the auditees to identify corrective and preventive actions. The corrective and preventive actions are reviewed by the internal auditors and closed based on the adequacy of evidences provided by the auditees.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis

Amount in ₹ Lakhs

Financial Highlights / Year ending 31 st March	2017		2016	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	35,733.15	32,440.62	32,245.77	29,582.30
Total Income	36,824.18	33,478.86	32,362.23	29,624.14
Earnings before interests, taxes and Exceptional items	9,505.50	5,451.37	6,399.03	4,764.98
Loss before tax & after Exceptional items	(3,362.03)	(429.70)	(6,155.82)	(20,463.31)
Loss after tax & Exceptional items	(4,322.87)	(683.50)	(7,428.89)	(20,997.69)
Equity Dividend %	NIL	NIL	NIL	NIL
Share Capital	50,690.79	50,690.79	50,281.16	50,281.16
Reserves & Surplus	17,717.97	13,035.22	23,101.60	13,436.95
Net Worth	68,408.76	63,726.01	73,382.76	63,718.11
Gross property, plant & equipment and intangible assets	1,832.97	1,015.87	1,154.94	663.93
Net property, plant & equipment and intangible assets	922.68	481.74	729.59	402.57
Total Assets	95,668.82	92,463.00	1,04,210.86	1,27,566.82

Key Indicators	2017		2016	
	Consolidated	Standalone	Consolidated	Standalone
Loss per Share (Year end)	(0.85)	(0.13)	(2.56)	(7.23)
Debt (including working capital) / Equity - %	21.42	19.39	23.71	14.57
EBIT / Sales - %	26.60	16.80	19.84	16.11
Net Profit Margin - %	(12.10)	(2.11)	(23.04)	(70.98)
Return on year end Net Worth %	(8.60)	(0.85)	(14.65)	(40.70)
Return on year end Capital Employed %	13.84	8.52	8.17	7.07

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

Of the equity paid-up capital, the Company had issued the following shares towards consideration other than cash during the previous two financial year's being 2015-16 and 2016-17. The details of the same are as follows:

During 2015-16, the Company issued 319,889,071 equity shares allotted upon conversion of FCCBs to principal amount of US\$ 76,980,000 out of its US\$ 127,721,000 5.70% Secured Convertible Bonds, in accordance with the terms and conditions thereof.

During 2016-17, the Company issued 4,096,290 equity shares allotted upon conversion of FCCBs to principal amount of US\$ 950,000 out of its US\$ 127,721,000 5.70% Secured Convertible Bonds, in accordance with the terms and conditions thereof.

Subsequent to the balance sheet date, the Company allotted 55,094,999 equity shares on preferential basis at ₹14 per share to QVT Singapore Fund Pte. Ltd, Tonbridge (Mauritius) Ltd and Leeds (Mauritius) Ltd (Non-Promoters). The shares were allotted on May 15, 2017.

Reserves And Surplus

During the year 2015-16, the balance of Foreign Currency Translation Reserve of ₹10,266.73 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

During the year 2016-17, the balance of Foreign Currency Translation Reserve of ₹11,610.12 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

Securities Premium Account represents the premium collected on:

- 15,987,460 equity shares that were allotted during the year 2015-16 at a Premium of ₹12.79/- per share on conversion of 6.50 Million FCCB III Bonds.
- 303,901,611 equity shares that were allotted during the year 2015-16 at a Premium of ₹3/- per share on conversion of 70.48 Million FCCB III Bonds.
- 4,096,290 equity shares that were allotted during the year 2016-17 at a premium of ₹3/- per share on conversion of 0.95 Million FCCB III Bonds.

Employee Stock Options

In accordance with the Securities and Exchange Board of India

(Share Based Employee Benefits) Regulations, 2014 [previously known as Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999], the Company amortizes the excess of market price of the underlying equity shares as on the date of the grant of the option over the exercise price of the option, to be adjusted over the period of vesting. The net amount carried in respect of stock options outstanding at March 31, 2017 amounts to ₹6.44 Lakhs (Previous Year: ₹16.30 Lakhs).

Short Term Borrowings

On Consolidated & Standalone basis, Short term borrowings of ₹8,589.91 Lakhs (Previous Year: ₹10,395.74 Lakhs) & ₹8,589.91 Lakhs (Previous Year: ₹10,395.74 Lakhs) outstanding in the books as at March 31, 2017 from banks are secured by:

- Primary charge on customer receivables of the Company and paripassu first charge on the current assets of the Company,
- Collateral paripassu first charge on the fixed assets of the Company,
- Collateral paripassu first charge along with other working capital lenders and FCCB holders to the extent of the FCCB III repayment fund to be set up with the working capital lenders apart from the corporate guarantee in which the director is interested, as well as guarantee of Subex Technologies Ltd. and Subex (UK) Limited.
- Pledge 100% shares in Subex (UK) Limited.

Long Term Borrowings (including current maturities)

On a consolidated basis and standalone basis:

Current maturities of long term debt as at March 31, 2017 consists of:

- a. ₹NIL (Previous Year: ₹800.01 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2006-07 "FCCB I". The bonds carry interest of 2% per annum and were redeemable on March 9, 2017 (the same was considered as current portion in previous year). These bonds are listed in the Professional Securities Market of London Stock Exchange. The premium payable on these bonds is accrued over the life of the bonds and is carried under Other Long Term Liabilities.
- b. ₹NIL (Previous Year: ₹1,270.70 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2009-10 "FCCB II" as a result of restructuring existing bonds mentioned in (a) above. The bonds carry interest of 5% per annum and were redeemable by March 9, 2017. These bonds are listed on the

Singapore Exchange Securities Trading Limited. The premium payable on these bonds is accrued over the life of the bonds and is carried under Other Long Term Liabilities.

- c. ₹2,277.17 Lakhs (Previous Year: ₹2,860.16 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2012-13 "FCCB III" as a result of restructuring existing bonds mentioned in (a) and (b) above. The bonds carry interest of 5.70% per annum and are redeemable by July 7, 2017. These bonds are listed on the Singapore Exchange Securities Trading Limited. The premium payable on these bonds is accrued over the life of the bonds and is carried under Other Long Term Liabilities.
- d. On Consolidated basis, loan taken by Subex Americas Inc. of ₹7,782.00 Lakhs (Previous Year ₹7,484.05 Lakhs) and guaranteed by Subex (UK) Limited was repaid on May 15, 2017 to the respective lenders.

Property, plant & equipment and intangible assets

During the year, the Company added ₹696.34 Lakhs on consolidated basis and ₹353.00 Lakhs on standalone basis, to its gross block. The Company disposed off certain assets no longer required. The Company's net block of property, plant & equipment and intangible assets was ₹922.68 Lakhs (Previous year ₹729.59 Lakhs) on consolidated basis and ₹481.74 lakhs (Previous year ₹402.57 lakhs) on standalone basis.

Investments

During the year 2015-16, the Company recognized an amount of ₹5,490.00 lakhs as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2016 is ₹7,005.74 Lakhs.

During the year 2016-17, the Company recognized an amount of ₹6,070.00 lakhs as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2017 is ₹935.74 Lakhs.

During the year 2016-17, the Company acquired additional shares in its wholly-owned subsidiary, Subex Technologies Limited to the extent of ₹100.00 Lakhs. The shares were acquired under a rights issue of 1 equity share for every 4 equity shares held. Consequently, the investment carrying value as of March 31, 2017 is ₹500.00 Lakhs.

Trade Receivables

The major customers of the Company are the telecom and cellular operators overseas and in India. The receivables are spread over a large customer base. There is no significant concentration of credit risk on a single customer.

All the debtors are generally considered good and realizable and necessary provision has been made for debts considered to be bad and doubtful. The level of trade receivable is normal and is in tune with business trends requirements.

The management believes that the overall composition and condition of trade receivables is satisfactory post assessment of doubtful receivables. The provision for doubtful debts stands at ₹2,595.60 Lakhs (Previous Year ₹2,956.13 Lakhs) on consolidated basis and ₹10,407.72 Lakhs (Previous Year ₹14,216.10 Lakhs) on standalone basis. The Company has netted off trade receivables amounting to ₹28,734.61 Lakhs from certain subsidiaries against trade payables to the respective subsidiaries after obtaining necessary approvals. The Company has also written off bad debts from the earlier provision for doubtful debts against the aforesaid inter-company trade receivables after obtaining necessary approvals.

Cash and Cash Equivalents

The bank balance includes both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹126.14 Lakhs (Previous Year: ₹59.31 Lakhs) on Standalone basis and ₹257.73 Lakhs (Previous Year: ₹237.67 Lakhs) on consolidated basis with the bankers is for establishing bank guarantee.

Long-terms Loans and Advances

Security Deposits represent rent deposit, electricity deposit, telephone deposits and advances of like nature.

STATEMENT OF PROFIT & LOSS

Income

The category wise break up of income on consolidated basis is given below:

Particulars	Amount in ₹ Lakhs except percentages			
	2016-17		2015-16	
	Value	%	Value	%
Software Products	4770.61	13.35	3,117.51	9.67
Software Services	30,962.54	86.65	29,128.26	90.33
Total	35,733.15	100.00	32,245.77	100.00

Geographically, the Company earns income from sale of software products and related services to USA, EMEA & Asia Pacific region.

Other Income

Other income mainly consists of income derived by the Company by write back of withholding taxes paid on interest on FCCB III.

Expenditure

The employee benefits expenses decreased to ₹15,871.06 Lakhs (Previous year: ₹16,034.15 Lakhs) on consolidated basis and increased to ₹8,537.03 Lakhs (Previous year: ₹7,874.77 Lakhs) on standalone basis.

The Company incurred administration and other expenses including employee benefit expenses (excluding finance cost, taxes and exceptional items) at 74.19% of its total Income during the year as compared to 80.23% during the previous year on consolidated basis and 83.72% of its total income during the year as compared to 83.92% during the previous year on a standalone basis.

Operating Profits

During the year, on consolidated basis, the Company earned an operating profit before interest, tax and exceptional items of ₹9,505.50 Lakhs being 26.60% of total revenue (Excluding other income) as against ₹6,399.03 Lakhs at 19.84% during the previous year. On a standalone basis, the Company earned operating profit before Interest, tax and exceptional items of ₹5,451.37 Lakhs being 16.80% of total income as against ₹4,764.98 Lakhs at 16.11% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹2,040.08 Lakhs (Previous year: ₹6,151.60 Lakhs) on consolidated basis and ₹1,505.47 Lakhs (Previous year: ₹5,101.63 Lakhs) on standalone basis. The interest paid/accrued primarily consists of interest on working capital loan, FCCBs and term loan.

Depreciation and amortisation

Depreciation and amortisation expense for the year amounted to ₹494.52 Lakhs (Previous year: ₹427.49 Lakhs) on consolidated basis and ₹272.95 Lakhs (Previous year: ₹263.46 Lakhs) on standalone basis.

Provision for Tax

The Company has provided for its tax liability in India and overseas after considering the exemptions for income from software services and products under the various applicable tax enactments.

Net loss

On consolidated basis, the net loss of the Company amounted to loss of ₹4,322.87 Lakhs, as against a Loss of ₹7,428.89 Lakhs during the previous year. Total Comprehensive Loss for the year was ₹5,698.56 Lakhs as compared to loss of ₹9,262.16

Lakhs during previous year. On standalone basis, the loss of the Company amounted to ₹683.50 lakhs as against a loss of ₹20,997.69 Lakhs during the previous year. Total Comprehensive Loss for the year was ₹716.66 Lakhs as compared to loss of ₹21,002.73 Lakhs during previous year.

Exceptional Item

The Company at a consolidated basis, has shown an expenditure of ₹10,890.00 Lakhs as against ₹6,469.44 Lakhs during the previous year towards impairment of goodwill on evaluation of the future cashflows of the respective cash generating units.

At a standalone basis, Company has incurred an expenditure of ₹4,591.06 Lakhs towards investment impairment in subsidiary for an amount of ₹6,170 Lakhs (previous year ₹5,490.00 Lakhs). This expense has been offset by reversal of provision of inter-company receivables amounting to ₹1,578.94 Lakhs.

Loss per Share

Loss per share calculated by dividing the loss for the year by the weighted average number of equity shares outstanding during the year is of ₹0.85 per share (Previous year: ₹2.56 per share) on consolidated basis and loss of ₹0.13 per share (Previous year: ₹7.23 per share) on standalone basis.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Subexians

Our greatest assets are our people - Subexians! Subexians are our biggest differentiators and how we define our capability requirements, training needs and retention strategies therefore becomes crucial. The Subex work culture hinges on our core values of Fairness, Innovation and Commitment and nurtures initiative and creativity, bringing out the best in every Subexian. We know that when our teams realize their full potential, we can achieve our broader business goals. Our employees are spread across the globe and the larger centers are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2017, we had 836 full time Subexians on our rolls globally. Our total headcount (global) including contractual staff and trainees was 967.

Human Resources at Subex is centralized at our corporate headquarters in Bengaluru, with regional HR teams providing local support aligned to the global HR strategy. The HR team provides a competitive edge to the business by enabling and

supporting a very unique business model of value based delivery, processes and programs on global product development and delivery capabilities on one hand and complex distributed managed services delivery capabilities on the other. HR at Subex consistently strives to adopt leading best practices in designing and deploying HR process and programs across various areas like recruitment, total rewards management, talent management, organizational development, performance management, change management, learning and development, etc.

In Subex, we firmly believe that people, when motivated are the true drivers behind Organizational success. It is important to create an enjoyable work environment to keep them engaged and happy. We have reviewed and redefined the HR policies like work from home, sabbatical, continuous learning and certification to make it more employee friendly. We have also amended our maternity policy in line with the resolution passed by Parliament that provides for an increased maternity leave for our lady employees. In addition to this we have also introduced Happy Feet-a day care facility within the premises for employees to bring their young ones to work and have them being taken care by a professional team of child care experts. We have introduced various other initiatives like quizzes, fun at work, employee-management connect sessions to engage with the workforce and align the employee goals with goals of the organization. Attrition for the year stands at 21%.

The adverse effects on forests, pollution, resultant chemical elements in the atmosphere have all contributed to global warming and is harming the environment. As a socially responsible corporate entity we want to safeguard and protect our environment. We have initiated some go-green programs. This varies from encouraging carpooling to handing over saplings to our new joiners.

Recruitment

During the year, the recruitment team had to execute a well thought out manpower planning and analysis exercise and adopt global recruitment best practices to fulfill the organization's talent requirements. In addition to the well established processes like "Coffee with the Hiring Manager", "Post- offer feedback", Subexian referral program, partner feedback, interviewer feedback, Buddy Programme etc., which are already entrenched in the Subex way of adding talent to our team, the focus this year was on optimizing the overall recruitment cost by adopting innovative recruitment approaches.

The main sources for hires were referrals from Subexians (the

best bring the best!), direct search, campus recruitments, website postings and walk-ins. We explored innovative processes on the campus recruitment side, where we introduced a process of "hiring for learnability". This process, we believe, will add scalability to our model while continuing to give us great technical talent like we have had before.

One of the key focus areas that your company has set, in the previous year, of adding the capability of doing "just-in-time" recruitment for the managed services part of the business, has yielded results and this helped a lot on mobilizing Managed Services projects within the permissible time, without having to carry a large bench strength.

Keeping the dynamism in the market and the business needs, we have also started a program of proactively hiring fresh graduates and junior resources who will go through our comprehensive training programs to be business ready.

Induction and Training

Welcoming new Subexians into our fold continues to be extremely critical for us. We believe that the quality of induction that new hires go through determines how successful they are in the Company and has a huge impact on retention. We have customized the induction based on the role and function that new Subexians join in. This has resulted in having more targeted induction, yielding greater benefits.

On the learning and development side, the focus this year was to customize the training programs to the individual business need. A Training Need Analysis was done for each business unit to align the need to the goals. A competency matrix of employees is being implemented with the aim of improving the efficiency through personalized skill and knowledge development. Subex Academy is a Global Learning and Development Platform (supporting instructor led training, on the job learning, as well as e-learning) that enable a role based curriculum led approach to learning, while streamlining the training process as well as ensuring global reach and appropriateness of content. This automated platform added significant value to training identification, design, delivery and evaluation. L&D Organization delivered 63 different training programmes in this financial year. All of these sessions were well received and rated high by Subexians. This process is expected to improve the retention of talent as well as overall skill and knowledge level of Subexians.

Performance Management System

Foundation Competencies are the basic Values based

competencies required by all in Subex. Excel competencies are those that are required to do your current job really well. Lead Competencies focus on the future needs and are the skills required to succeed in leadership roles. Technical Competencies take care of the core areas of the role - knowledge about our products, the various technologies and domains. These, along with the KRAs help build and reinforce the performance oriented culture at Subex.

Productivity and a high performance culture are the games of today's corporates. It is important to equip the employees with right set of tools to help drive the performance culture. In line with this thought we have migrated to Enterprise solution (Success Factors) for conducting performance management. This helps us adopt some of the best practices from the industry while being flexible to customize the systems as per our internal need. We believe constant coaching and feedback would help in maximizing the potentials of the individuals and prepare them for the future. Keeping this in mind, we have also tuned our Performance Management system to factor a quarterly review of

goals and performance.

Compensation

Compensation at Subex is multi-dimensional and consists of fixed salary, variable salary, benefits, health and disability insurance, etc.

The Company benchmarks its compensation package against industry data and strives to achieve a balanced position. The Company provides robust and comprehensive cash compensation and benefits as per industry trends. We also arrive at the salary bands of Subexians by conducting comprehensive job matching, data validation and quality audits.

Your company focuses a lot on Employee reward and recognition programme, as this is another important motivational aspect. We have consistently recognized 48% Subexians globally for their contributions and deliverables through our Rewards and Recognition Programme "STAR". This translates to a significant number of Subexians receiving awards which are monetary.

Financial section

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Subex Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2017, the standalone Statement of Profit and Loss, including Other Comprehensive Income, the standalone Statement of Cash Flows and the standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone cash flows and standalone changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions

of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2017, its standalone loss including other comprehensive income, its standalone cash flows and the standalone changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in

paragraphs 3 and 4 of the Order

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss, including Other Comprehensive Income, the standalone Statement of Cash Flows and the standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its standalone financial position in its standalone Ind AS financial statements – refer note 35(b) to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The Company has provided requisite disclosures in note 43 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: **Subex Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets.
(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (“the Act”). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and, hence not commented upon.
- (iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 35(b)(iii) to the standalone Ind AS financial statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the products/ services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. With regard to withholding tax dues, we also refer to note 47 to the standalone Ind AS financial statements.
(b) According to the information and explanations given by the management, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales- tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Disputed amount (₹ in Lakhs)	Amount paid under protest (₹ in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing, disallowances under section 10A and other disallowances	1780.76	-	2011-12	Income Tax Appellate Tribunal, Bangalore
		379.01	30.00	2010-11	Income Tax Appellate Tribunal, Bangalore
		1,254.56	200.00	2009-10	Hon'ble High Court of Karnataka
		10.03	-	2009-10	The Company is in the process of filing an appeal with Commissioner of Income Tax (Appeals)
		504.90	-	2008-09	Hon'ble High Court of Karnataka
		346.47	-	2006-07	Commissioner of Income Tax (Appeals), Bangalore
		162.88	-	2005-06	Hon'ble High Court of Karnataka
		79.73	60.24*	2004-05	Hon'ble High Court of Karnataka
		211.28	211.65**	2003-04	Hon'ble Supreme Court of India
		0.04	-	2001-02	Hon'ble High Court of Karnataka
Finance Act, 1994	Service tax	1,003.66	924.12	April 2006 to October 2007	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax	3,607.60	-	April 2006 to July 2009	Commissioner of Service Tax, Bangalore

* Represents adjustment of ₹60.24 Lakhs by the Asst. Commissioner of Income Tax, Bangalore against the refund relating to Financial Year 2007-08.

** includes ₹55.95 Lakhs adjusted by the Asst. Commissioner of Income Tax, Bangalore against the refund relating to Financial Year 2007-08.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by the way of initial public offer / further public offer / debt instruments and term loans during the year. Hence, reporting under paragraph 3(ix) of the Order is not applicable to the Company and, hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 35(b)(iii) to the standalone Ind AS financial statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not

applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given by the management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Subex Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of The Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of and for the year ended March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial

controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion

or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Standalone balance sheet as at March 31, 2017

(₹ in Lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	362.07	329.38	447.00
Intangible assets	4	119.67	73.19	103.18
Financial assets				
Investments	5	65,701.48	71,771.48	77,234.42
Loans	6	348.98	313.17	2,535.07
Other balances with banks	7	126.14	59.31	15.65
Trade receivables	8	-	-	7,127.07
Other financial assets	10	233.80	233.80	233.80
Income tax assets (net)	11	1,872.78	1,661.22	1,660.66
Deferred tax asset	12	478.13	383.93	-
Other non-current assets	13	564.33	616.88	266.90
		69,807.38	75,442.36	89,623.75
Current assets				
Financial assets				
Loans	6	179.69	164.81	202.68
Trade receivables	8	18,966.08	49,688.01	52,225.19
Cash and cash equivalents	9	151.27	195.53	130.72
Other financial assets	10	2,536.11	1,554.99	1,953.01
Other current assets	13	822.47	521.12	532.42
		22,655.62	52,124.46	55,044.02
Total assets		92,463.00	1,27,566.82	1,44,667.77
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	50,690.79	50,281.16	18,292.26
Other equity	15	13,035.22	13,436.95	8,970.82
Total equity		63,726.01	63,718.11	27,263.08
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	-	2,860.16	49,963.15
Other financial liabilities	18	-	571.08	6,323.97
Provisions	20	249.96	258.36	320.15
		249.96	3,689.60	56,607.27
Current liabilities				
Financial liabilities				
Borrowings	16	8,589.91	10,395.74	12,506.54
Trade payable	17	14,382.81	45,171.45	45,696.09
Other financial liabilities	18	3,472.44	2,726.42	1,531.05
Other current liabilities	19	1,215.89	1,108.99	739.05
Provisions	20	266.05	260.65	222.17
Income tax liabilities (net)	21	559.93	495.86	102.52
		28,487.03	60,159.11	60,797.42
Total liabilities		28,736.99	63,848.71	1,17,404.69
Total equity and liabilities		92,463.00	1,27,566.82	1,44,667.77

Corporate information and significant accounting policies refer 1 & 2
The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Standalone statement of profit and loss for the year ended March 31, 2017 (₹ in Lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
1 INCOME			
Revenue from operations	22	32,440.62	29,582.30
Other income	23	1,038.24	41.84
Total income		33,478.86	29,624.14
2 EXPENSES			
Cost of hardware, software and support charges		343.47	131.38
Employee benefits expense	24	8,537.03	7,874.77
Other expenses	25	18,874.04	16,589.55
Depreciation and amortization	26	272.95	263.46
Total expenses		28,027.49	24,859.16
3 Earnings before interest, exceptional items and tax (EBIT) (1-2)		5,451.37	4,764.98
4 Finance Income	27	215.46	254.38
5 Finance costs	28	1,505.47	5,101.63
6 Profit/(loss) before exceptional items and tax (3+4-5)		4,161.36	(82.27)
7 Exceptional items (net)	29	(4,591.06)	(20,381.04)
8 Loss before tax (6+7)		(429.70)	(20,463.31)
9 Tax expense: (note 21)			
Current tax		348.00	918.31
Deferred tax (MAT credit entitlement)		(94.20)	(383.93)
		253.80	534.38
10 LOSS FOR THE YEAR (8-9)		(683.50)	(20,997.69)
11 Other comprehensive income ('OCI'), net of tax			
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on defined benefit plans		(33.16)	(5.04)
		(33.16)	(5.04)
12 Total comprehensive income for the year attributable to equity holders of the Company (10+11)		(716.66)	(21,002.73)
13 Basic and diluted loss per equity share (nominal value of share ₹10 (March 31, 2016 : ₹10)	30	(0.13)	(7.23)
Corporate information and significant accounting policies	refer 1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

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Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Standalone statement of changes in equity for the year ended March 31, 2017

A. Equity share capital (refer note 14):

Particulars	No.	₹ in Lakhs
Equity shares of ₹10 each issued, subscribed and fully paid		
As at April 1, 2015	182,922,575	18,292.26
Issued during the year - Conversion of FCCBs*	319,889,071	31,988.90
As at March 31, 2016	502,811,646	50,281.16
Issued during the year - Conversion of FCCBs*	4,096,290	409.63
As at March 31, 2017	506,907,936	50,690.79

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company					Total
	Reserves and surplus					
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	
As at April 1, 2015	4,648.16	13,215.75	1,779.76	78.10	(10,750.95)	8,970.82
Loss for the year	-	-	-	-	(20,997.69)	(20,997.69)
Less: Other comprehensive income	-	-	-	-	(5.04)	(5.04)
Add/ (less): On accounts of conversion of FCCBs*	(4,388.76)	11,161.84	-	-	18,757.58	25,530.66
Less : Compensation on ESOP cancelled/lapsed during the year	-	-	-	(62.15)	-	(62.15)
Deferred stock compensation expenses	-	-	-	0.35	-	0.35
As at March 31, 2016	259.40	24,377.59	1,779.76	16.30	(12,996.10)	13,436.95
Loss for the year	-	-	-	-	(683.50)	(683.50)
Other comprehensive income	-	-	-	-	(33.16)	(33.16)
Add/ (less): on account of conversion of FCCBs*	(54.16)	122.89	-	-	256.06	324.79
Less : Compensation on ESOP cancelled/lapsed during the year	-	-	-	(10.11)	-	(10.11)
Deferred stock compensation expenses	-	-	-	0.25	-	0.25
As at March 31, 2017	205.24	24,500.48	1,779.76	6.44	(13,456.70)	13,035.22

* Refer note 31 regarding conversion of FCCBs into equity shares of the Company.

Corporate information and significant accounting policies (Refer note 1 & 2)

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Standalone statement of cash flows for the year ended March 31, 2017 (₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(A) Operating activities		
Loss before tax	(429.70)	(20,463.31)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	241.05	220.13
Amortisation of intangible assets	31.90	43.33
(Gain)/loss on disposal of property, plant and equipment (net)	(0.75)	1.05
Finance income (including fair value changes)	(215.46)	(254.38)
Finance costs (including fair value changes)	1,505.47	5,101.63
Provision for doubtful debts and advances (including exceptional items)	1,094.20	4,008.15
Provisions for doubtful advances no longer required written back (exceptional item)	(1,578.94)	-
Bad debts written off (exceptional item)	-	10,475.97
Impairment of investment in subsidiaries (exceptional item)	6,170.00	5,490.00
Write back of withholding taxes paid earlier	(1,036.59)	-
Amortised cost of deposits	52.95	62.63
Fair value change in financial instruments	20.54	1,846.23
Net foreign exchange differences	576.66	43.69
Operating profit before working capital changes	6,431.33	6,575.12
<i>Working capital adjustments:</i>		
(Increase)/decrease in loans	1,551.03	(23.89)
(Increase)/decrease in trade receivables	187.16	(2,611.75)
(Increase)/decrease in other financial assets	(1,004.39)	446.83
(Increase)/decrease in other assets	(301.55)	20.99
Increase/(decrease) in trade payables	(1,609.69)	(593.05)
Increase/(decrease) in other financial liabilities	42.30	(62.97)
Increase/(decrease) in other current liabilities	1,143.49	369.94
Increase/(decrease) in provisions	(56.97)	(53.55)
	6,382.71	4,067.67
Income tax paid (including TDS) (net)	(495.49)	(525.54)
Net cash flows from operating activities	5,887.22	3,542.13
(B) Investing activities		
Purchase of property, plant and equipment	(274.62)	(104.53)
Purchase of intangible assets	(78.38)	(13.34)
Proceeds from sale of property, plant and equipment	1.63	0.97
Additional investment / investment in subsidiaries	(100.00)	(27.06)
Movement in deposits (net)	(66.83)	(43.66)
Interest received	4.78	0.90
Net cash flows (used in)/from investing activities	(513.42)	(186.72)

Standalone statement of cash flows (Contd.) for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(C) Financing activities		
Movement in working capital loans (net)	(1,980.52)	(2,263.50)
Interest paid	(1,189.43)	(1,030.48)
Repayment of borrowings (FCCBs I and II)	(2,248.68)	-
Net cash flows used in financing activities	(5,418.63)	(3,293.98)
(D) Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(44.83)	61.43
Net foreign exchange difference	0.57	3.38
Cash and cash equivalents at the beginning of the year	195.53	130.72
(E) Cash and cash equivalents at year end	151.27	195.53

Corporate information and significant accounting policies (Refer notes 1 & 2)

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Notes to the standalone financial statements for the year ended March 31, 2017

1. Corporate information

Subex Limited ("the Company" or "Subex") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems (OSS/BSS) to communication service providers (CSPs) worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre (ROC) – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect / inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

These standalone financial statements for the year ended March 31, 2017 are approved by the Board of Directors on May 25, 2017.

2. Significant accounting policies

a. Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") notified under The Companies (Indian Accounting Standards) Rules, 2015 and The Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The standalone financial statements of the Company have been prepared and presented in accordance with Ind AS. Previous year numbers in the standalone financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of standalone financial statements under Accounting Standards notified under The Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016. (refer note 41 for reconciliations and effects of transition).

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below. The standalone financial statements are presented in INR ('₹') and all the values are rounded off to the nearest lakhs (INR 00,000) except when otherwise indicated.

b. Use of estimates, assumptions and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Revenue recognition

The Company uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Company to estimate the efforts to date as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between

Notes to the standalone financial statements for the year ended March 31, 2017

input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

The Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses in accordance with Ind AS 109. The Company provides for impairment of trade receivables and unbilled revenue outstanding for more than 1 year from the date they are due for payment and billing respectively. The Company also assesses for impairment of financial assets on specific identification basis at each period end. Also, refer note 2(h).

The Company provides for impairment of investment in subsidiaries. Impairment exists when there is a diminution in value of the investment and the recoverable value of such investment is lower than the carrying value of such investment.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 37).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also, refer note 2(k).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and

Notes to the standalone financial statements for the year ended March 31, 2017

making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 36.

Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(q) and note 21.

c. Current/ non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d. Revenue recognition

The Company derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/support services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Company, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined on the basis of completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Notes to the standalone financial statements for the year ended March 31, 2017

Revenue from managed/support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Company has applied the guidance in Ind AS 18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

The Company collects service tax, sales tax and other taxes as applicable in the respective tax jurisdictions where the Company operates, on behalf of the government and therefore it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in the other financial assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in the current liabilities represent billings in excess of revenues recognized.

Interest:

Interest income is recognized as it accrues in the standalone statement of profit and loss using effective interest rate method.

e. Property, plant and equipment

At the date of transition to Ind AS the Company has evaluated the cost of its plant and equipment and has regarded the carrying value under previous GAAP ('Indian GAAP') as at such date as the deemed cost.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in standalone statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Notes to the standalone financial statements for the year ended March 31, 2017

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the standalone statement of profit and loss when the assets are derecognized.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in standalone statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

g. Depreciation and amortisation

Depreciation on property, plant and equipment and amortisation on intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management.

The Company has used the following useful lives to provide depreciation on plant and equipment and amortisation of intangible assets:

Asset	Useful lives estimated by the management	Useful lives as per The Companies Act. 2013
Computer hardware	3 years	3 years
Furniture and fixtures *	5 years	10 years
Vehicles *	5 years	8 years
Office equipments *	5 years	3 years
Computer software	4 years	As per Ind AS 38

* Based on an internal evaluation, management believes that the useful lives as given above are realistic and reflect fair approximation of the period over which the assets are likely to be used. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of The Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the standalone financial statements for the year ended March 31, 2017

h. Impairment

Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets:

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the standalone statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the standalone statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i. Equity investments in subsidiaries

Investments in subsidiaries are classified as non-current investments. The Company has availed the option available in Ind AS 27 to carry its investment in subsidiaries at cost. Impairment recognized, if any, is reduced from the carrying value.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the standalone statement of profit and loss.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Notes to the standalone financial statements for the year ended March 31, 2017

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

k. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in standalone statement of profit and loss.

Notes to the standalone financial statements for the year ended March 31, 2017

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the standalone statement of profit and loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

Compound financial instruments in the form of Foreign Currency Convertible Bonds ("FCCBs") are separated into liability and equity components based on the terms of the contract. On issuance of the Foreign Currency Convertible Bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in other equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from other equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Foreign Currency Convertible Bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Notes to the standalone financial statements for the year ended March 31, 2017

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Standalone statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

n. Employee share based payments

The Company measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Notes to the standalone financial statements for the year ended March 31, 2017

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the standalone statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the standalone statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to "surplus/(deficit) in the statement of profit and loss".

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the standalone statement of profit and loss and are not deferred.

The Company presents the entire compensated absences balance as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

p. Foreign currencies

Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss.

The Company's standalone financial statements are presented in INR. The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

Notes to the standalone financial statements for the year ended March 31, 2017

q. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

r. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to the standalone financial statements for the year ended March 31, 2017

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

s. Earnings/(loss) per share

Basic earnings/(loss) per share is computed by dividing the profit/(loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/expenses/assets/liabilities'.

u. Measurement of EBIT

As permitted by the Guidance Note on the Schedule III to the Companies Act, 2013, the Company has elected to present earnings before interest and tax (EBIT) as a separate line item on the face of the standalone statement of profit and loss. The Company measures EBIT on the basis of profit/(loss) from its operations. In its measurement, the Company does not include, interest income, finance costs and tax expense.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 01, 2015	407.47	3.06	0.13	36.34	447.00
Additions	96.47	4.35	0.68	3.03	104.53
Disposals	(2.56)	-	-	(1.56)	(4.12)
As at March 31, 2016	501.38	7.41	0.81	37.81	547.41
Additions	251.35	-	11.09	12.18	274.62
Disposals	(1.01)	-	-	(0.05)	(1.06)
As at March 31, 2017	751.72	7.41	11.90	49.94	820.97
Depreciation					
As at April 01, 2015	-	-	-	-	-
Charge for the year	205.69	2.23	0.16	12.05	220.13
Disposals	(1.70)	-	-	(0.40)	(2.10)
As at March 31, 2016	203.99	2.23	0.16	11.65	218.03
Charge for the year	227.15	1.91	1.91	10.08	241.05
Disposals	(0.17)	-	-	(0.01)	(0.18)
As at March 31, 2017	430.97	4.14	2.07	21.72	458.90
Net block					
As at April 01, 2015	407.47	3.06	0.13	36.34	447.00
As at March 31, 2016	297.39	5.18	0.65	26.16	329.38
As at March 31, 2017	320.75	3.27	9.83	28.22	362.07

Note 4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer software	Total
Gross Block		
As at April 01, 2015	103.18	103.18
Additions	13.34	13.34
Disposals	-	-
As at March 31, 2016	116.52	116.52
Additions	78.38	78.38
Disposals	-	-
As at March 31, 2017	194.90	194.90
Amortization		
As at April 01, 2015	-	-
Amortization for the year	43.33	43.33
Disposals	-	-
As at March 31, 2016	43.33	43.33
Amortization for the year	31.90	31.90
Disposals	-	-
As at March 31, 2017	75.23	75.23
Net block		
As at April 01, 2015	103.18	103.18
As at March 31, 2016	73.19	73.19
As at March 31, 2017	119.67	119.67

Note: Refer note no 16 for the assets given on security.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 5. INVESTMENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Investment carried at cost (unquoted equity instruments)			
<i>Investments in equity shares in wholly owned subsidiaries</i>			
4,999,994 (March 31, 2016: 3,999,994; April 1, 2015: 3,999,994) equity shares of ₹10 each fully paid up in Subex Technologies Limited, India (Impairment on investment ₹500.00 Lakhs [March 31, 2016: ₹400.00 Lakhs; April 1, 2015: ₹400.00 Lakhs]) (refer note 29[ii])	-	-	-
5,039,565,245 (March 31, 2016: 5,039,565,245; April 1 2015: 5,039,565,245) equity shares of GBP 0.00001 each fully paid in Subex (UK) Ltd. (refer note 16 for the details of investments given as security and refer note 45 for impairment assessment).	64,738.68	64,738.68	64,738.68
100 (March 31, 2016: 100; April 1, 2015: 100) equity shares fully paid, no-par value, in Subex Americas Inc., Canada (Impairment on investment ₹76,560.00 Lakhs [March 31, 2016 ₹70,490.00 Lakhs; April 1, 2015: ₹65,000.00 Lakhs]) (Refer note 29[ii]).	935.74	7,005.74	12,495.74
1 (March 31, 2016: 1; April 1 2015: Nil) equity shares of AED 150,000 each fully paid, in Subex Middle East (FZE), UAE*.	27.06	27.06	-
	65,701.48	71,771.48	77,234.42
Aggregate amount of unquoted investments in subsidiaries	1,42,761.48	1,42,661.48	1,42,634.42
Aggregate amount of impairment of investments	77,060.00	70,890.00	65,400.00
	65,701.48	71,771.48	77,234.42

* Investment in Subex Middle East (FZE), UAE as at March 31, 2016 represents share application money.

Note 6. LOANS

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Loans to related parties (refer note 33)			
Considered good	-	-	1,849.90
Considered doubtful	2,094.47	3,665.43	1,705.67
Less: Provision for doubtful loans and advances	(2,094.47)	(3,665.43)	(1,705.67)
	-	-	1,849.90
Others (considered good)			
Security deposit	348.98	313.17	685.17
	348.98	313.17	2,535.07
Current (considered good)			
Loans and advances to employees	179.69	164.81	202.68
	179.69	164.81	202.68

Notes to the standalone financial statements for the year ended March 31, 2017

Note 7. OTHER BALANCES WITH BANKS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Other bank balances (refer note 9)			
Margin money deposits*	126.14	59.31	15.65
	126.14	59.31	15.65

* Represents the margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the balance sheet date, these deposits are made for varying periods, depending on the requirements of business and earn interest at the respective term deposit rates.

Note 8. TRADE RECEIVABLES*

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Considered good	-	-	7,127.07
Considered doubtful	10,407.72	14,216.10	13,208.43
Less: Provision for doubtful debts **	(10,407.72)	(14,216.10)	(13,208.43)
	-	-	7,127.07
Current			
Considered good	18,966.08	49,688.01	52,225.19
	18,966.08	49,688.01	52,225.19

* includes dues from related parties. Refer note 33.

** During the year ended March 31, 2017, the Company has written off bad debts amounting to ₹4,854.64 Lakhs (March 31, 2016 : ₹998.01 Lakhs) including inter company receivables.

As at March 31, 2017, the Company has netted off ₹28,734.61 Lakhs of trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivables due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 9. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Balance with banks			
In current accounts	130.14	103.41	57.06
In EEFC accounts	21.13	92.12	73.66
	151.27	195.53	130.72
Non-current			
Other balances with banks			
Deposits with remaining maturity for more than 12 months	126.14	59.31	15.65
	126.14	59.31	15.65
Less: Disclosed under other balances with banks (Non-current) (Refer note 7)	(126.14)	(59.31)	(15.65)
	-	-	-

For the purpose of the statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

Note 10. OTHER FINANCIAL ASSETS

Unsecured, considered good
Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance recoverable from former directors (Refer note 35[b])	233.80	233.80	233.80
	233.80	233.80	233.80
Current			
Unbilled revenue	2,525.96	1,551.08	1,951.00
Interest accrued but not due on bank deposits	10.15	3.91	2.01
	2,536.11	1,554.99	1,953.01

Note 11. INCOME TAX ASSETS (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance income-tax [net of provision for taxation ₹664.82 Lakhs (March 31, 2016: ₹ 570.45 Lakhs (April 1, 2015: ₹569.95 Lakhs)]	1,872.78	1,661.22	1,660.66
	1,872.78	1,661.22	1,660.66

Notes to the standalone financial statements for the year ended March 31, 2017

Note 12. DEFERRED TAX ASSET

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Minimum alternative tax ('MAT') credit entitlement	478.13	383.93	-
	478.13	383.93	-

Note 13. OTHER ASSETS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Balance with statutory/ government authorities*	266.90	266.90	266.90
Advance recoverable in cash or kind			
Prepaid expenses	297.43	349.98	-
	564.33	616.88	266.90
Current			
Advance recoverable in cash or kind			
Prepaid expenses	537.97	439.66	241.62
Advance to suppliers	169.15	3.59	234.38
Balance with statutory/ government authorities	59.90	17.60	-
Expenses incurred on behalf of customers	55.45	60.27	56.42
	822.47	521.12	532.42

* Balances represents service tax erroneously paid by the Company during the financial year 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Note 14. SHARE CAPITAL

Authorised share capital	No.	₹ in Lakhs
Equity shares of ₹10 each		
As at April 1, 2015	495,040,000	49,504.00
Increase during the year	50,000,000	5,000.00
As at March 31, 2016	545,040,000	54,504.00
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504.00
Preference shares ₹98 each		
As at April 1, 2015	200,000	196.00
Increase during the year	-	-
As at March 31, 2016	200,000	196.00
Increase during the year	-	-
As at March 31, 2017	200,000	196.00

Notes to the standalone financial statements for the year ended March 31, 2017

Note 14. SHARE CAPITAL (contd.)

	No.	₹ in Lakhs
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
As at April 1, 2015 *	182,922,575	18,292.26
Issued during the year - Conversion of FCCBs	319,889,071	31,988.90
As at March 31, 2016	502,811,646	50,281.16
Issued during the year - Conversion of FCCBs	4,096,290	409.63
As at March 31, 2017	506,907,936	50,690.79

* includes 243,207 (March 31, 2016: 243,207; April 1, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company had not declared any dividend during the year ended March 31, 2017 and March 31, 2016.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shares held by each shareholder (together with Persons Acting in Concert[PAC]) holding more than 5% shares in the Company

Equity shares of ₹10 each issued, subscribed and fully paid

Name of the shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of total shares	No.	% of total shares	No.	% of total shares
QVT Mauritius West Fund & Quintessence Mauritius West Fund	47,843,816	9.44	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	17,436,426	3.44	21,559,422	4.29	10,892,721	6.01
Nomura Singapore Limited	2,806,956	0.55	881,257	0.18	10,234,433	5.64
Merrill Lynch Capital Markets Espana SA SV	-	-	4,311,884	0.86	10,192,621	5.62
Suffolk (Mauritius) Limited & Mansfield (Mauritius) Limited	-	-	-	-	17,372,221	9.58

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the standalone financial statements for the year ended March 31, 2017

c) Shares reserved for issue under options (No.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Outstanding employee stock options scheme under below schemes, granted/ available for grant: (refer note 36)			
ESOP 2000	-	-	1,925
ESOP 2005	92,368	144,979	741,072
ESOP 2008	28,301	130,500	475,010
(ii) FCCBs (refer note 31)			
FCCBs I	-	67,174	67,174
FCCBs II	-	839,721	839,721
FCCBs III	15,522,785	19,619,075	200,531,961
	15,643,454	20,801,449	202,656,863

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares (No.)			
Equity shares allotted as fully paid-up pursuant to contract (no.)	89,335,462	89,335,462	89,335,462
(In accordance with the terms of FCCBs III, out of the principal face value of US\$ 127.72 Million (₹71,592.81 Lakhs), an amount of US\$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012. Also refer note 31)			

Note 15. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Equity component of compound financial instruments		
Balance as per last financial statements	259.40	4,648.16
Less: Conversion of FCCBs	(54.16)	(4,388.76)
Closing balance	205.24	259.40
Securities premium		
Balance as per last financial statements	24,377.59	13,215.75
Add: Additions during the year on conversion of FCCBs	122.89	11,161.84
Closing balance	24,500.48	24,377.59
General reserve		
Balance as per last financial statements	1,779.76	1,779.76
Add: Additions during the year	-	-
Closing balance	1,779.76	1,779.76

Notes to the standalone financial statements for the year ended March 31, 2017

Note 15. OTHER EQUITY (contd.)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Employee stock options reserve		
Balance as per last financial statements	16.30	78.10
Less: Compensation on ESOP cancelled/lapsed during the year	(10.11)	(62.15)
Add: Deferred stock compensation expenses	0.25	0.35
Closing balance	6.44	16.30
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(12,996.10)	(10,750.95)
Less: Loss for the year	(683.50)	(20,997.69)
Add: Residual portion of FCCBs conversion	256.06	18,757.58
Less: OCI- Remeasurement loss on defined benefit obligations	(33.16)	(5.04)
Closing balance	(13,456.70)	(12,996.10)

Summary of other equity:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity component of compound financial instruments	205.24	259.40	4,648.16
Securities premium account	24,500.48	24,377.59	13,215.75
General reserve	1,779.76	1,779.76	1,779.76
Employee stock options reserve	6.44	16.30	78.10
Surplus/(deficit) in the statement of profit and loss	(13,456.70)	(12,996.10)	(10,750.95)
Total other equity	13,035.22	13,436.95	8,970.82

Note 16. BORROWINGS

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non -current			
Foreign currency convertible bonds (note 31)			
Secured*	-	2,860.16	48,151.16
Unsecured**	-	-	1,811.99
Current maturities of long-term borrowings:			
Secured*	2,277.17	-	-
Unsecured**	-	2,071.31	-
	2,277.17	4,931.47	49,963.15
Less: Disclosed under other financial liabilities (current) (refer note 18)	(2,277.17)	(2,071.31)	-
	-	2,860.16	49,963.15
Current			
Loans repayable on demand from banks (Secured)			
Loan Type - I (refer note [i] & [iii])	5,216.24	6,045.73	6,906.14
Loan Type - II (refer note [i], [ii] & [iii])	3,373.67	4,350.01	5,600.40
	8,589.91	10,395.74	12,506.54

Notes to the standalone financial statements for the year ended March 31, 2017

* Secured FCCBs are carried at amortised cost at an effective interest rate of 9% (March 31, 2016: 9%, April 1, 2015: 9%) with maturity date July 07, 2017.

** Unsecured FCCBs are carried at amortised cost at an effective interest rate of 10.5% (March 31, 2016: 10.5%, April 1, 2015: 10.5%) with maturity date March 09, 2017. These FCCBs were repaid on due date.

(i) The secured loan from banks are secured by primary charge on customer receivables of the Company and *pari-passu* first charge on the current assets of the Company, and collateral *pari-passu* first charge on the fixed assets of the Company, collateral *pari-passu* first charge along with other working capital lenders and FCCB holders to the extent of the FCCBs III repayment fund to be set up with the working capital lenders.

(ii) The Company has also submitted a corporate guarantee by Subex Technologies Limited of ₹4,205.00 Lakhs (March 31, 2016 : ₹5,570.00, April 1, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹4,205.00 Lakhs (March 31, 2016: ₹5,570.00 Lakhs; April 1, 2015: ₹6,495.00 Lakhs) and pledged it's 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹2,933.84 Lakhs (March 31, 2016: ₹1,762.89 Lakhs, April 1, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹1,419.53 Lakhs (March 31, 2016: ₹3,945.39 Lakhs, April 1, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,236.54 Lakhs (March 31, 2016: ₹4,687.46 Lakhs, April 1, 2015: ₹5,402.71 Lakhs), which carried an average interest rate of 11.67%, 3.89% and 5.51% (March 31, 2016: 12.91%, 4.05% and 5.89%, April 1, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Note 17. TRADE PAYABLES*

Carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises (refer note 17 [i])	-	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises*	14,382.81	45,166.62	45,693.03
	14,382.81	45,171.45	45,696.09

* includes dues to related parties. Refer note 33.

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing and are normally settled on 30 - 45 day terms.
- for explanations on the Company's credit risk management, refer to note 40.

Notes to the standalone financial statements for the year ended March 31, 2017

17[i]. Details of dues to micro enterprises and small enterprises:

The dues to Micro and Small enterprises as defined in "The Micro, Small & Medium Enterprises Development Act, 2006" are as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	0.06
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid.	-	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 18. OTHER FINANCIAL LIABILITIES

Carried at amortised cost

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Interest accrued but not due on borrowings	-	571.08	6,323.97
	-	571.08	6,323.97
Current			
Employee related liabilities	694.44	652.13	715.11
Interest accrued but not due on borrowings	500.83	2.98	815.94
Current maturities of long-term borrowings (refer note 16)	2,277.17	2,071.31	-
	3,472.44	2,726.42	1,531.05

Notes to the standalone financial statements for the year ended March 31, 2017

Note 19. OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Current			
Unearned revenue	1,001.07	856.11	473.67
Statutory remittances (refer note 47)	214.82	252.88	265.38
	1,215.89	1,108.99	739.05

Note 20. Provisions

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Non-current			
Provisions for employee benefits	249.96	258.36	320.15
Gratuity (refer note 37 [b])	249.96	258.36	320.15
Current			
Provisions for employee benefits	31.31	32.43	7.95
Gratuity (refer note 37 [b])	134.74	128.22	114.22
Leave benefits	100.00	100.00	100.00
Provision for litigations*	266.05	260.65	222.17

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 35(b) for further details.

Note 21. INCOME TAX LIABILITIES (NET)

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Current			
Provision for tax [net of advance tax ₹201.82 Lakhs (March 31, 2016: 201.82, April 1, 2015: ₹ Nil)]	182.12	182.12	-
Provision for wealth tax	-	-	0.82
Provision for foreign taxes	276.11	212.04	-
Provision for litigation [net of tax deducted at source ₹62.14 Lakhs (March 31, 2016: ₹62.14 Lakhs; April 1, 2015: ₹62.14 Lakhs)]*	101.70	101.70	101.70
	559.93	495.86	102.52

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 35(b) for further details.

Income tax expense in the statement of profit and loss consist of the following:

	Year ended March 31, 2017	Year ended March 31, 2016
Tax expense:		
Current tax - income tax charge for the current year	348.00	918.31
Deferred tax (MAT Credit entitlement)	(94.20)	(383.93)
Total tax expense	253.80	534.38

Notes to the standalone financial statements for the year ended March 31, 2017

Notes:

21(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/deductible by customers.

21(ii) No deferred tax asset, other than MAT credit entitlement has been recognised in the absence of reasonable certainty that taxable profit will be available against which the unused tax losses, unused tax credit and other deductible temporary differences can be utilised.

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Loss before tax	(429.70)	(20,463.31)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	-	-
Components of tax expense:		
Current tax:		
Provision for foreign withholding taxes	253.80	534.38
MAT payable at 18.5% on the adjusted book profits of the company in accordance with the provisions of Income Tax Act, 1961	94.20	383.93
Deferred tax:		
MAT credit entitlement available on the MAT payable as mentioned above as per the provisions of Income Tax Act, 1961	(94.20)	(383.93)
Total adjustments (B)	253.80	534.38
Total tax expense (A+B)	253.80	534.38

Note 22. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products	1,331.52	1,681.64
Sale of services	31,109.10	27,900.66
	32,440.62	29,582.30
Details of products sold		
Sale of license	1,167.91	1,458.29
Sale of hardware and software	163.61	223.35
	1,331.52	1,681.64
Details of services rendered		
Implementation and customisation	3,852.78	3,482.40
Managed services	4,034.61	4,233.92
Support services	4,498.55	3,865.58
Sub-contracting services	18,715.24	16,287.40
Others	7.92	31.36
	31,109.10	27,900.66

Notes to the standalone financial statements for the year ended March 31, 2017

Note 23. OTHER INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Net gain on disposal of property, plant and equipment	0.75	-
Write back of withholding taxes paid earlier (refer note 47)	1,036.59	-
Miscellaneous income	0.90	41.84
	1,038.24	41.84

Note 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus*	7,865.25	7,251.00
Contribution to provident and other funds	330.55	274.55
Staff welfare expenses	341.23	349.22
	8,537.03	7,874.77

* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹70.00 Lakhs (March 31, 2016: ₹380.83 Lakhs).

Note 25. OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of software	230.13	358.10
Sub-contract charges	147.91	131.49
Rent	1,264.44	1,188.00
Power and fuel	185.36	190.36
Repairs and maintenance		
Building	108.22	108.39
Others	367.77	350.82
Insurance	90.30	85.08
Communication costs	98.03	106.34
Printing and stationery	27.12	21.95
Traveling and conveyance	1,908.65	1,489.60
Rates and taxes	66.06	105.68
Advertisement and business promotion	128.21	46.62
Consultancy charges	557.81	354.65
Payments to auditors (refer note 25 [i])	117.13	95.91
Marketing and allied service charges	11,676.28	11,385.20
Sales commission*	37.15	219.35
Provision for doubtful debts	1,094.20	(406.92)
Exchange fluctuation loss (net)	712.77	697.42
Directors sitting fees	49.00	54.00
Loss on sale of fixed assets (net)	-	1.05
Miscellaneous expenses	7.50	6.46
	18,874.04	16,589.55

* Sales commission for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹Nil (March 31, 2016: ₹107.68 Lakhs).

Notes to the standalone financial statements for the year ended March 31, 2017

Note 25 [i] Payments to the auditor (excluding service tax):

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Audit fee	100.00	85.00
Tax audit fee	4.00	4.00
In other capacity		
Other services (certification fees)	-	2.50
Reimbursement of expenses	13.13	4.41
	117.13	95.91

Note 26. DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	241.05	220.13
Amortization of intangible assets (refer note 4)	31.90	43.33
	272.95	263.46

Note 27. FINANCE INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on:		
Security deposits	35.83	61.74
Bank Deposits	11.02	2.80
Inter-company loans and advances	168.61	189.84
	215.46	254.38

Note 28. FINANCE COST

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
Foreign currency convertible bonds (refer note 31)	494.04	3,753.78
Other borrowings	657.43	1,003.27
Other finance charges	20.81	25.20
Bank charges	333.19	319.38
	1,505.47	5,101.63

Notes to the standalone financial statements for the year ended March 31, 2017

Note 29. EXCEPTIONAL ITEMS (NET)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(i) Inter company balances (refer note 29[i])		
Provision for doubtful advances	-	(1,959.76)
Provision for doubtful debts	-	(2,455.31)
Bad debts written off	-	(10,475.97)
Provision for doubtful advances no longer required written back	1,578.94	-
	1,578.94	(14,891.04)
(ii) Impairment of investments in subsidiaries (refer note 29 [ii])	(6,170.00)	(5,490.00)
	(6,170.00)	(5,490.00)
	(4,591.06)	(20,381.04)

29[i] As at March 31, 2016, the Company had assessed the recoverability of its receivables and loans and advances from its overseas subsidiaries. Based on future operational plan, projected cash flows and the financial position of these subsidiaries, the Company had made a provision of ₹2,455.31 Lakhs (net off adjustment towards provision for expected credit loss of ₹5,906.28 Lakhs) and ₹1,959.76 Lakhs towards trade receivables and loans and advances respectively due from these subsidiaries. Further, the Company had also written off ₹10,475.97 Lakhs as bad debts towards trade receivables from these subsidiaries as at March 31, 2016. During the year ended March 31, 2017, provision for doubtful advances amounting to ₹1,578.94 Lakhs has been written back on collection of the aforesaid loans and advances.

29[ii] As at March 31, 2017, the Company had assessed the carrying value of its investment in its wholly owned subsidiary viz., Subex Americas Inc., of ₹7,005.74 Lakhs (March 31, 2016: ₹12,495.74 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,070.00 Lakhs (March 31, 2016: ₹5,490.00 Lakhs) towards the carrying value of its investment in the said subsidiary. The management is of the view that, the carrying value of the aforesaid investment in the said subsidiary of ₹935.74 Lakhs, as at March 31, 2017 is appropriate.

Also, during the current year the Company has made provision for impairment of ₹100.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of its investment in the Subex Technologies Limited as the said subsidiary is under liquidation.

Note 30. EARNINGS/(LOSS) PER SHARE

Basic earning/(loss) per share (EPS) amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2017	Year ended March 31, 2016
Nominal value per equity share (₹ per share)	10.00	10.00
Loss attributable to equity shareholders (₹ in Lakhs)	(683.50)	(20,997.69)
Weighted average number of equity shares (No. in Lakhs)	5,063.00	2,904.20
Loss per share basic and diluted (₹ per share)*	(0.13)	(7.23)

* Foreign currency convertible bonds and employee stock options outstanding as at March 31, 2017 and March 31, 2016 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 31. FOREIGN CURRENCY CONVERTIBLE BONDS

- a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds ("FCCBs I") aggregating to US\$ 180 Million, with an interest rate of 2% p.a. payable semi-annually in arrears, with terms of conversion being :

- i) Exchange rate for conversion of FCCB : ₹44.08/ US\$
- ii) Conversion price : ₹656.20 per share
- iii) Redemption date : March 09, 2012
- iv) Premium payable on redemption : US\$. 14.05 Million.
- v) Listing on the London Stock Exchange

The bonds were available for conversion at any point in time during the period prior to the redemption date. During the year 2009-10, the Company presented to restructure the FCCBs I by offering a discount of ~30% on the face value of the existing bonds in return for new FCCBs ("FCCBs II") having a face value of US\$ 126 Million.

Pursuant to the offer, the FCCBs I bondholders, with a face value of US\$ 141 Million exchanged their bonds for new FCCBs with a face value of US\$ 98.70 Million. The remaining FCCBs I bondholders holding bonds with a face value of US\$ 39 Million (out of the original bondholders holding US\$ 180 Million) did not choose the option for restructuring. The terms and conditions applicable for the new FCCB II bonds, for the US\$ 98.70 Million face value, were as under :

- i) Interest rate : 5% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹48.17/ US\$
- iii) Conversion price : ₹80.31 per share
- iv) Redemption date : March 09, 2012
- v) Premium payable on redemption : US\$. 23.23 Million.
- vi) Listing on the Singapore Exchange Securities Trading Limited

Both the bonds were initially redeemable on or by March 9, 2012, if not converted into equity shares as per terms of issue. Based on an approval received from the Reserve Bank of India and bond holders, the redemption date was extended to July 09, 2012.

Out of the US\$ 98.70 Million of FCCBs II, bonds having a face value of US\$ 31.90 Million were converted into equity shares as of March 31, 2010 and bonds with a face value of US\$ 12 Million were converted during the year ending March 31, 2011, retaining a closing balance of US\$ 54.80 Million outstanding FCCBs II bonds.

- b) Pursuant to the approval of the holders of "US\$ 180 Million 2% convertible unsecured bonds", [of which US\$ 39 Million was outstanding ("FCCBs I")] and "US\$ 98.70 Million 5% convertible unsecured bonds", [of which US\$ 54.80 Million was outstanding ("FCCBs II")], at their respective meetings held on July 5, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US\$ 38 Million out of FCCBs I and US\$ 53.40 Million out of FCCBs II offered their bonds for exchange and secured bonds with a face value of US\$ 127.721 Million ("FCCBs III") were issued with maturity date of July 7, 2017. The Company has been legally advised that there is no tax incidence arising from the above restructuring.

The terms and conditions of FCCBs III are as under :

- i) Interest rate : 5.70% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹56.0545/ US\$

Notes to the standalone financial statements for the year ended March 31, 2017

- iii) Equity Conversion price : ₹22.79 per share
 - iv) Redemption date : July 07, 2017
 - v) Listing on the Singapore Exchange Securities Trading Limited
 - vi) Second ranking pari-passu charge in respect of all movable properties, present & future, covered under the existing security and first ranking charge in respect of all movable properties, present & future, other than and to the extent covered by the existing security. First ranking charge on FCCB repayment fund on a paripassu basis jointly and equally with SBI and Axis Bank Ltd. The promoters of the company have pledged their shares towards securing the repayment of FCCBs III.
 - vii) Mandatory conversion of bonds with a face value of US\$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.
- c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US\$ 180 Million convertible unsecured bonds and US\$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US\$ 1 Million and FCCBs II of face value US\$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.
- During the year ended March 31, 2017, the FCCBs I and FCCBs II are repaid in full along with the accrual premium applicable on these bonds on the maturity date.
- d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.
- As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US\$ 3.60 Million as at March 31, 2017 would potentially be converted into 15,522,785 equity shares at an exchange rate of ₹56.0545/US\$ with a conversion price of ₹13 per equity share.
- e) (i) Of the outstanding FCCBs III of US\$ 91.40 Million as of July 2012, US\$ 87.80 Million have been converted till year ended March 31, 2017 as detailed below:

Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610
2016-17	0.95	₹56.0545	₹13.00	4,096,290

Notes to the standalone financial statements for the year ended March 31, 2017

(ii) The face value of FCCBs outstanding as on March 31, 2017 is as follows:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	-	-	1.00	662.55	1.00	625.00
FCCBs II	-	-	1.40	927.57	1.40	875.00
FCCBs III	3.60	2,334.60	4.55	3,014.60	81.53	50,956.25
Total	3.60	2,334.60	6.95	4,604.72	83.93	52,456.25

- f) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.73 Million (₹473.41 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 3.60 Million (₹2,334.60 Lakhs) for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.
- g) Upon extinguishment of liability (i.e. principal and interest accrued), due to conversion of FCCBs III, the portion of liability in excess of share capital and securities premium as the date of conversion is credited to surplus/ deficit of profit and loss. Refer note 15.
- h) The amortised cost of the borrowings and fair value and equity component of FCCBs outstanding as on March 31, 2017 is as follows:

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. FCCBs outstanding:			
FCCBs I	-	831.27	717.88
FCCBs II	-	1,240.04	1,094.11
FCCBs III	2,277.17	2,860.16	48,151.16
Total	2,277.17	4,931.47	49,963.15
II. Equity component of convertible bonds	205.24	259.40	4,648.16

Note 32. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Notes to the standalone financial statements for the year ended March 31, 2017

Segment revenue by geographical location are as follows:*

(₹ in Lakhs)

Region	Year ended March 31, 2017	Year ended March 31, 2016
Americas	5,198.78	5,591.71
EMEA	21,046.84	14,039.36
India	2,642.46	2,013.55
APAC and rest of the world	3,552.54	7,937.68
	32,440.62	29,582.30

* Revenues by geographic area are based on the geographical location of the customer.

No external customer individually accounted for more than 10% of the total revenue of the Company for the years ended March 31, 2017 and March 31, 2016. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company. (Refer note 33).

Non-current operating assets by geographical location are as follows:**

(₹ in Lakhs)

Region	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	1,046.07	1,019.45	817.08
Outside India	-	-	-
Total non-current operating assets	1,046.07	1,019.45	817.08

** Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

Note 33. RELATED PARTY TRANSACTIONS

i. Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Technologies Inc.

Subex Middle East (FZE)

ii. Related parties under Ind AS 24 and as per The Companies Act, 2013

Key management personnel

Surjeet Singh

Managing Director and Chief Executive Officer

Anil Singhvi

Independent Director

Nisha Dutt

Independent Director

Poornima Prabhu

Independent Director - Appointed w.e.f March 24, 2017

Sanjeev Aga

Independent Director - Resigned w.e.f October 27, 2016

Priyanka Roy

Independent Director - Resigned w.e.f March 10, 2017

Ganesh KV

Chief Financial Officer, Global Head- Legal and Company Secretary

Notes to the standalone financial statements for the year ended March 31, 2017

iii. Details of the transactions with the related parties during the year ended March 31, 2017: (₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. Transactions with wholly owned subsidiaries		
Income from software development and services:		
Subex (UK) Limited	10,586.55	9,591.20
Subex Inc.	3,322.20	3,789.03
Subex (Asia Pacific) Pte. Limited	1,885.93	1,432.41
Subex Americas Inc.	1,479.43	1,363.08
Subex Middle East (FZE)	1,441.13	111.68
	18,715.24	16,287.40
Marketing and allied service charges:		
Subex (UK) Limited	5,153.44	5,424.12
Subex Inc.	5,148.82	5,123.71
Subex Americas Inc.	630.68	471.30
Subex (Asia Pacific) Pte. Limited	521.19	360.98
Subex Middle East (FZE)	222.15	4.90
Subex Technologies Limited	-	0.19
	11,676.28	11,385.20
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	168.61	189.84
	168.61	189.84
Employee Stock Option expenses allocated to:		
Subex (UK) Limited	0.88	12.06
Subex Inc.	0.74	4.39
Subex (Asia Pacific) Pte. Limited	0.17	0.97
	1.79	17.42
Reimbursement of expenses made to:		
Subex (Asia Pacific) Pte. Limited	34.61	38.92
Subex (UK) Limited	29.22	19.11
Subex Inc.	0.81	26.73
Subex Americas Inc.	4.89	-
Subex Technologies Limited	0.93	-
	70.46	84.76
Reimbursement of expenses received from:		
Subex (Asia Pacific) Pte. Limited	8.50	586.51
Subex (UK) Limited	18.96	201.77
Subex Inc.	10.74	32.23
Subex Americas Inc.	0.02	0.76
Subex Middle East (FZE)	0.29	-
	38.51	821.27

Notes to the standalone financial statements for the year ended March 31, 2017

(₹ in Lakhs)		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	(1,578.94)	(1,074.54)
Subex (UK) Limited	-	4.67
Subex Inc.	2.56	2,738.89
Subex (Asia Pacific) Pte. Limited	-	2,734.05
Subex Technologies Limited	-	12.00
	(1,576.38)	4,415.07
Bad debts written off:*		
Subex (Asia Pacific) Pte. Limited	765.86	37.42
Subex Inc.	-	102.18
Subex (UK) Limited	-	395.68
Subex Americas Inc.	2,637.34	9,940.69
	3,403.20	10,475.97
Net off of trade receivables from subsidiaries against trade payables to respective subsidiaries during the year:**		
Subex (Asia Pacific) Pte. Limited	512.79	-
Subex Inc.	12,864.41	-
Subex (UK) Limited	10,664.54	-
Subex Americas Inc.	4,692.87	-
	28,734.61	-
Loans and advances given during the year:		
Subex Technologies Limited	-	6.30
	-	6.30
Investments in equity shares in wholly owned subsidiaries:		
Subex Technologies Limited	100.00	-
Subex Middle East (FZE)	-	27.06
	100.00	27.06
Impairment on investment during the year:		
Subex Americas Inc.	6,070.00	5,490.00
Subex Technologies Limited	100.00	-
	6,170.00	5,490.00
B. Transactions with key managerial personnel		
Salary and perquisites***		
Surjeet Singh	16.78	16.26
Ganesh KV	77.41	67.40
	94.19	83.66
Director sitting fees		
Anil Singhvi	22.00	22.50
Nisha Dutt	14.00	6.00
Sanjeev Aga	10.00	22.50
Priyanka Roy	3.00	3.00
	49.00	54.00

*Bad debts written off during the year ended March 31, 2017 from provision for doubtful debts.

**The Company has netted off trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer. Also refer note 8.

*** The remuneration to the key managerial personnel does not include the provision/accruals made on best estimate basis as they are determined for the Company as a whole.

Notes to the standalone financial statements for the year ended March 31, 2017

iv. Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances receivable from and payable to wholly owned subsidiaries			
Trade receivables			
Subex Americas Inc. [Net of provision of ₹770.24 lakhs (March 31, 2016: ₹3,407.59 Lakhs, April 1, 2015: ₹6,429.89 Lakhs.)]	2,419.67	7,165.52	13,388.13
Subex UK Limited [Net of provision of ₹148.39 lakhs (March 31, 2016: ₹148.39 Lakhs, April 1, 2015: ₹143.72 Lakhs.)]	6,127.59	18,122.68	17,580.42
Subex Inc. [Net of provision of ₹2,965.15 lakhs (March 31, 2016: ₹2,962.59 Lakhs, April 1, 2015: ₹223.70 Lakhs.)]	877.80	14,097.18	16,604.88
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹4,016.37 lakhs (March 31, 2016: ₹4,782.27 Lakhs, April 1, 2015: ₹2,048.21 Lakhs.)]	1,187.61	1,764.13	4,076.86
Subex Middle East (FZE)	1,029.47	109.82	-
Subex Technologies Limited	0.93	-	-
	11,643.07	41,259.33	51,650.29
Trade payables			
Subex (UK) Limited	6,744.92	19,834.71	19,517.22
Subex Inc.	3,679.44	16,280.38	16,915.56
Subex (Asia Pacific) Pte. Limited	992.48	1,374.13	680.96
Subex Americas Inc.	1,826.67	6,633.28	6,133.76
Subex Technologies Limited	0.83	0.83	0.83
Subex Middle East (FZE)	38.56	4.86	-
	13,282.90	44,128.19	43,248.33
Loans and advances			
Subex Americas Inc. [Net of provision of ₹376.80 lakhs (March 31, 2016: ₹1,947.76 Lakhs, April 1, 2015: Nil.)]	-	-	1,844.20
Subex Technologies Limited [Net of provision of ₹1,717.67 lakhs (March 31, 2016: ₹1,717.67 Lakhs, April 1, 2015: ₹1,705.67 Lakhs.)]	-	-	5.70
	-	-	1,849.90
Outstanding guarantees taken from:			
Subex Technologies Limited	4,205.00	5,570.00	6,495.00
Subex (UK) Limited	4,205.00	5,570.00	6,495.00
	8,410.00	11,140.00	12,990.00

Notes to the standalone financial statements for the year ended March 31, 2017

Note 34.

Disclosure as per Regulation 34(3) and Regulation 53(f) read with Para A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the listing agreement with the Stock Exchanges.

(₹ in Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Americas Inc.*	376.80	1,947.76	1,947.76	1,947.76	1,844.20	1,844.20
Subex Technologies Limited**	1,717.67	1,717.67	1,717.67	1,717.67	1,711.37	1,711.37
	2,094.47		3,665.43		3,555.57	

* Loans and advances to Subex Americas Inc., is provided as at March 31, 2017: ₹376.80 Lakhs (March 31, 2016: ₹1,947.76 Lakhs, April 1, 2015: ₹ Nil).

** Loans and advances to Subex Technologies Limited is provided as at March 31, 2017: ₹1,717.67 Lakhs (March 31, 2016: ₹1,717.67 Lakhs, April 1, 2015: ₹ 1,705.67 Lakhs).

Note 35. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments

Operating leases

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹697.65 Lakhs (March 31, 2016: ₹482.11 Lakhs).

Future minimum lease payments under non-cancellable operating lease payable within one year from balance sheet date is ₹Nil (March 31, 2016: ₹723.59 Lakhs, April 1, 2015: ₹Nil).

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹566.79 Lakhs (March 31, 2016: ₹705.89 Lakhs)

b) Contingent liabilities

(₹ in Lakhs)

Particular	Year ended March 31, 2017	Year ended March 31, 2016	As at April 1, 2015
Income tax demands (refer note [i])	6,982.23	4,915.20	5930.13
Service tax demands (refer note [ii])	3,687.15	3,687.15	3687.15
Others (refer note [iii])	1,293.44	1,293.44	1293.44
Bank guarantees (furnished to customers)	118.73	123.35	74.47

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2007 and from March 31, 2009 to March 31, 2013, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the

Notes to the standalone financial statements for the year ended March 31, 2017

Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Company has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account towards these tax demands.

iii. Others

The Company has received certain claims from ex-directors of the Company for an amount of ₹1,293.44 Lakhs. The aforesaid claims are disputed by the Company and the matter is presently under arbitration with the arbitral tribunal. The management is of the view that these claims are not tenable.

The Company has also claimed the excess managerial remuneration of ₹123.80 Lakhs (March 31, 2016: ₹123.80 Lakhs, April 1, 2015: ₹123.80 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Company, and other advances paid to directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2016: ₹110.00 Lakhs, April 1, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2016: ₹233.80 Lakhs, April 1, 2016: ₹233.80 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Company does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 35(a).

v. The Company has issued a comfort letter to provide continued financial support to its wholly owned subsidiary viz., Subex Americas Inc., to ensure that the entity is able to meet its debts, commitments and liabilities as they fall due and it continues as a going concern.

Note 36. EMPLOYEE STOCK OPTION PLAN ('ESOPs')

The Company during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Notes to the standalone financial statements for the year ended March 31, 2017

Employees' Stock Options details as on the balance sheet date are:

	2016-17		2015-16	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	1,44,979	24.28	7,41,072	27.99
ESOP – IV	1,30,500	28.51	4,75,010	28.49
Cancelled, surrendered or lapsed during the year				
ESOP – II	-	-	1,925	-
ESOP – III	52,611	-	5,96,093	-
ESOP – IV	1,02,199	-	3,44,510	-
Options outstanding at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Options exercisable at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.99	1,26,429	22.65
ESOP – IV	28,301	28.44	1,30,500	28.51

Details of Weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2016-17	2015-16	2016-17	2015-16
ESOP – II	-	-	-	-
ESOP – III	1.99	1.49	10.26 - 54.83	10.26 - 73.90
ESOP – IV	0.67	0.11	28.44	28.44 - 53.54

* considering vesting and exercise period

Notes to the standalone financial statements for the year ended March 31, 2017

Fair value methodology

There were no new grants during the year ended March 31, 2017. The key assumptions used in Black-Scholes model for calculating fair value is as below:

	March 31, 2017	March 31, 2016
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Note 37. EMPLOYMEE BENEFIT PLANS

a) Provident fund

The Company makes contributions to Provident Fund, Employee State Insurance scheme contributions which are defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹281.33 Lakhs (March 31, 2016: ₹261.42 Lakhs) for Provident Fund contributions and ₹ Nil (March 31, 2016: ₹0.08 Lakhs) for Employee State Insurance scheme contribution in the Statement of profit and loss.

b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following table set out the status of gratuity plan:

Disclosure as per Ind AS 19		(₹ in Lakhs)
Particular	As at March 31, 2017	As at March 31, 2016
A Change in defined benefit obligation		
Obligations at beginning of the year	406.28	386.40
Service cost	56.51	62.21
Interest cost	29.78	30.14
Benefits settled	(100.82)	(78.94)
Actuarial loss (through OCI)	33.61	6.47
Obligations at end of the year	425.36	406.28
B Change in plan assets		
Plan assets at beginning of the year, at fair value	115.49	58.29
Expected return on plan assets	8.97	4.94
Actuarial loss (through OCI)	0.45	1.43
Contributions	120.00	130.00
Benefits settled	(100.82)	(79.17)
Plan assets at the end of the year	144.09	115.49
Present value of defined benefit obligation at the end of the year	(425.36)	(406.28)
Fair value of plan assets at the end of the year	144.09	115.49
C Net liability recognised in the balance sheet	(281.27)	(290.79)

Notes to the standalone financial statements for the year ended March 31, 2017

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
D Expenses recognised in standalone statement of profit and loss:		
Service cost	56.51	62.21
Interest cost (net)	20.81	25.20
Net gratuity cost	77.32	87.41
E Re-measurement gains/(losses) in OCI		
Actuarial (gain)/ loss due to financial assumption changes	11.10	2.65
Actuarial (gain)/ loss due to experience adjustments	22.52	3.82
Return on plan assets (greater) less than discount rate	(0.46)	(1.43)
Total expenses recognised through OCI	33.16	5.04
F Assumptions		
Discount rate	7.00%	7.60%
Expected return on plan assets	7.60%	8.50%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Particular	As at March 31, 2017	As at March 31, 2016
G Five years pay-outs		
Year 1	31.31	32.36
Year 2	60.29	60.32
Year 3	57.00	53.83
Year 4	55.44	47.64
Year 5	50.95	43.19
After 5th Year	339.67	154.45
H Contribution likely to be made for the next one year	120.00	120.00

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
Investment with insurer	100%	100%

J Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2017		Year ended March 31, 2016	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(9.29)	9.75	(7.71)	8.06
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	15.71	(15.12)	9.80	(10.12)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(9.18)	8.29	0.59	(8.40)

Notes to the standalone financial statements for the year ended March 31, 2017

Note 38. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Total equity attributable to the share holders of the Company	63,726.01	63,718.11	27,263.08
Borrowings - Non-Current	-	2,860.16	49,963.15
Borrowings - Current	8,589.91	10,395.74	12,506.54
Current maturities of long term borrowings	2,277.17	2,071.31	-
B. Total loans and borrowings	10,867.08	15,327.21	62,469.69
C. Total capital (A+B)	74,593.09	79,045.32	89,732.77
D. Total loans and borrowings as a percentage of total capital (B/C)	15%	19%	70%
E. Total equity as a percentage of total capital (A/C)	85%	81%	30%

The Company has transformed from a debt dominated Company to an equity dominated Company from financial year 2015-16. Current maturities represent FCCBs III of ₹2,277.17 Lakhs, due for repayment in July 07, 2017. The current borrowings are in the nature of working capital loans from banks. The Company has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid FCCBs debt and current borrowings.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Note 39. FAIR VALUE HIERARCHY

The carrying value of financial instruments by categories is as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets measured at amortized cost:			
Interest accrued but not due on bank deposits*	10.15	3.91	2.01
Trade receivables*	18,966.08	49,688.01	59,352.26
Unbilled revenue*	2,525.96	1,551.08	1,951.00
Security deposit^	348.98	313.17	685.17
Loans and advances to employees*	179.69	164.81	202.68
Advance recoverable from former directors*	233.80	233.80	233.80
Loans to related parties*	-	-	1,849.90
	22,264.66	51,954.78	64,276.82
Cash and cash equivalents and other balances with banks			
Balance with banks#	151.27	195.53	130.72
Margin money deposits#	126.14	59.31	15.65
	277.41	254.84	146.37

Notes to the standalone financial statements for the year ended March 31, 2017

Note 39. FAIR VALUE HIERARCHY (contd.)

The carrying value of financial instruments by categories is as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial liabilities measured at amortized cost:			
Employee related liabilities*	694.44	652.13	715.11
Trade payables*	14,382.81	45,171.45	45,696.09
Interest accrued but not due on borrowings^	500.83	574.06	7,139.91
Borrowings^	10,867.08	15,327.21	62,469.69
	26,445.16	61,724.85	1,16,020.80

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value value. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Note 40. FINANCIAL RISK MANAGEMENT:

The Company's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

1 Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Notes to the standalone financial statements for the year ended March 31, 2017

b. Credit risk exposure

The Company's credit period generally ranges from 30 – 180 days. The credit risk exposure of the Company is as below:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	18,966.08	49,688.01	59,352.26
Unbilled revenue	2,525.96	1,551.08	1,951.00
Total	21,492.04	51,239.09	61,303.26

The Company evaluates the concentration of risk with respect to trade receivables as low as majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited as Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counter-party credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's debt obligations are: 1) FCCBs which carry a fixed coupon rate and 2) Short term borrowings in nature of working capital loans, which carry floating interest rates. Accordingly, the Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's loss before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

Particulars	(₹ in Lakhs)			
	Year ended March 31, 2017		Year ended March 31, 2016	
	Change in interest rate	Effect of profit before tax	Change in interest rate	Effect of profit before tax
Working capital loans	+1%	(94.41)	+1%	(107.85)
	-1%	94.41	-1%	107.85

iii Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents, deposits and investments is as below:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents	151.27	195.53	130.72
Other balances with banks	126.14	59.31	15.65
	277.41	254.84	146.37

Notes to the standalone financial statements for the year ended March 31, 2017

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)					
Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2017					
Trade payables	238.17	9,398.71	253.14	4,492.79	14,382.81
Borrowings	-	10,924.51	-	-	10,924.51
Other financial liabilities	-	1,198.64	-	-	1,198.64
	238.17	21,521.86	253.14	4,492.80	26,505.96
As at March 31, 2016					
Trade payables	250.63	10,903.64	322.44	33,694.74	45,171.87
Borrowings	-	10,395.74	1,590.12	3,014.60	15,000.46
Other financial liabilities	-	696.82	-	610.48	1,307.30
	250.63	21,996.20	1,912.56	37,319.82	61,479.21

iv Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States Dollars ('USD')). Company also has exposures to Great Britain Pound ('GBP') and United Arab Emirates Dirham ('AED'). The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

(₹ in Lakhs)					
March 31, 2017					
Particulars	Currency				Total
	USD	GBP	AED	Others	
Financial assets					
Trade receivables	8,267.06	6,124.69	1,667.38	2,089.84	18,148.97
Other financial assets	2,056.95	0.32	42.17	111.86	2,211.30
Total financial assets	10,324.01	6,125.01	1,709.55	2,201.70	20,360.27
Financial liabilities					
Borrowings	2,786.39	1,978.76	72.74	818.18	5,656.07
Trade payables	6,124.13	6,697.41	100.36	682.47	13,604.37
Other financial liabilities	2,793.42	-	2.67	3.37	2,799.46
Total financial liabilities	11,703.94	8,676.17	175.77	1,504.02	22,059.90
Net financial assets/ (liabilities)	(1,379.93)	(2,551.16)	1,533.78	697.68	(1,699.63)

Notes to the standalone financial statements for the year ended March 31, 2017

March 31, 2016

(₹ in Lakhs)

Particulars	Currency				Total
	USD	GBP	AED	Others	
Financial assets					
Trade receivables	23,559.32	20,377.04	2,112.27	2,854.18	48,902.81
Other financial assets	1,362.18	0.90	78.29	32.02	1,473.39
Total financial assets	24,921.50	20,377.94	2,190.56	2,886.20	50,376.20
Financial liabilities					
Borrowings	6,840.48	3,927.41	66.17	659.10	11,493.16
Trade payables	23,732.40	20,195.73	128.13	606.70	44,662.96
Other financial liabilities	2,661.62	-	0.13	0.17	2,661.92
Total financial liabilities	33,234.50	24,123.14	194.43	1,265.97	58,818.04
Net financial assets/ (liabilities)	(8,313.00)	(3,745.20)	1,996.13	1,620.23	(8,441.84)

Sensitivity analysis

Every 1% increase or decrease of the respective foreign currencies compared to functional currency of the Company would cause the profit before exceptional items in proportion to revenue to decrease or increase respectively by 0.02% (loss before exceptional items for the year ended March 31, 2016 by 0.27%).

Note 41. ADOPTION OF IND AS

A First time adoption

These financial statements, for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2017 together with the comparative period data, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

B Exemption applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- 1 The Company has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- 2 Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

Notes to the standalone financial statements for the year ended March 31, 2017

C Reconciliation of total equity between previous GAAP and Ind AS

1 Equity reconciliation:

(a) For the year ended March 31, 2016

		(₹ in Lakhs)
Particulars	Notes	As at March 31, 2016
Equity as reported under previous GAAP		63,485.00
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	386.61
(ii) Provision for expected credit loss	41 D(2)	(13.41)
(iii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(187.00)
(iii) Others (net)	41 D(4) & (5)	46.91
Equity as per Ind AS		63,718.11

(b) As at April 01, 2015

		(₹ in Lakhs)
Particulars	Notes	As at April 01, 2015
Equity as reported under previous GAAP		28,892.74
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value	41 D(1)	
(a) Fair valuation of FCCBs		4,456.58
(ii) Provision for expected credit loss	41 D(2)	(5,919.69)
(iii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(185.10)
(iii) Others (net)	41 D(4) & (5)	18.55
Equity as per Ind AS		27,263.08

2 Total comprehensive income reconciliation for the year ended March 31, 2016

		(₹ in Lakhs)
Particulars	Notes	Year ended March 31, 2016
Net loss under previous GAAP		(13,194.44)
Effect of transition to Ind AS		
(i) Measurement of FCCBs at fair value	41 D(1)	
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares.		(11,891.15)
(b) Impact on foreign exchange due to change in carrying value of FCCBs and related account balances and transfer of exchange gain to retained earnings on conversion of FCCBs into equity shares.		(1,846.23)
(ii) Provision for expected credit loss	41 D(2)	5,906.28
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(1.90)
(iv) Others (net)	41 D(4) & (5)	30.75
Net loss after tax as per Ind AS		(20,997.69)
Other comprehensive income	41 D(5)	(5.04)
Total comprehensive income as per Ind AS		(21,002.73)

Notes to the standalone financial statements for the year ended March 31, 2017

D Notes to reconciliation between Previous GAAP and Ind AS:

1 Fair valuation of foreign currency convertible bonds:

In accordance with the recognition and measurement principles laid down in Ind AS, the Company has revised the accounting treatment in respect of FCCBs with effect from the transition date. As required by the applicable Ind AS, the Company has identified FCCBs as compound financial instruments and identified the equity component on the date of inception of the bonds. The fair value of the liability component is re-evaluated at each date of significant modification. The fair value of the liability is computed by amortised cost method by discounting the liability using the applicable effective interest rate as at the date of the last significant modification. The difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'standalone statement of profit and loss'.

Similarly, the non-current portion of interest accrued but not due on FCCBs is carried at amortised cost by discounting the same to its fair value and the difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'standalone statement of profit and loss'.

Under the previous GAAP, upon conversion of FCCBs III into equity shares, the interest accrued but not due pertaining to the converted FCCBs and foreign exchange gain on FCCBs conversion was credited to the 'standalone statement of profit and loss' as 'exceptional item'. Under Ind AS, such conversion is treated as extinguishment of liability and the gain on such extinguishment of liability of FCCBs is required to be credited to 'other equity' and not recognised through the 'standalone statement of profit and loss'. Accordingly, the excess of amortised cost of liability (i.e., principle and interest accrued but not due pertaining to converted FCCBs) over share capital and securities premium on conversion of FCCBs is credited to 'Surplus/ (deficit) in the statement of profit and loss'.

Under previous GAAP, exchange gain/ loss on restatement of FCCBs was not immediately charged to the standalone statement of profit and loss and deferred over the contractual life of the FCCBs, by crediting/ debiting 'Foreign currency monetary item translation difference', under reserves and surplus. Under Ind AS gain/ loss on restatement of FCCBs is immediately recognised in the standalone statement of profit and loss in the period in which such gain/ loss occurs.

2 Provision for expected credit loss

Under the previous GAAP the Company had provided for trade receivables from its subsidiaries based on managements assessment regarding recoverability of such balances as at March 31, 2016. Under Ind AS the Company has provided for the expected credit loss on aged trade receivables from its subsidiaries, by discounting the net trade receivables to its present value on the basis of expected date of collection and risk free interest rate. The difference between the carrying value and discounted value of such net trade receivables as at April 1, 2015 was charged to 'Surplus/ (deficit) in the statement of profit and loss' as provision for doubtful receivables (expected credit loss). Accordingly, the provision recognised under previous GAAP during the year ended March 31, 2016 is reduced by such amount.

3 Deferred revenue

Under the previous GAAP, the cost related to free support services was deferred and charged to the 'standalone statement of profit and loss' over the period of the free support services. Under Ind AS, the fair value of revenue in relation to free support services is deferred and recognised over the period of free support services. Accordingly, the adjustment of deferred revenue as at April 1, 2015 is debited to 'Surplus/ (deficit) in the statement of profit and loss' and debited to revenue for the year ended March 31, 2016. Further, the cost deferred under previous GAAP is reversed through the 'standalone statement of profit and loss' for the year ended March 31, 2016 as a transition adjustment.

Notes to the standalone financial statements for the year ended March 31, 2017

4 Security deposits and rent equalisation reserve

Under Ind AS interest free security deposits are carried at amortised cost by, discounting the same using interest rates applicable to the counter party. The difference between transaction cost and fair value is recognised as prepaid lease and amortised over the period of the lease on a straight-line basis. Further, interest income is recognised on the amortised cost of the security deposits over the lease period.

Under previous GAAP operating lease expenses were recognised in the 'standalone statement of profit and loss' on a straight line basis over the lease term. The difference between lease expense recognised in the 'standalone statement of profit and loss' and contractual lease payments was recognised as 'rent equalisation reverse'. Under Ind AS when the escalations in lease payments are linked to inflation, the operating lease expenses are recognised in the 'standalone statement of profit and loss' as per the terms of the lease arrangement. Accordingly, rent equalisation as at April 1, 2015 was reversed to 'Surplus/ (deficit) in the statement of profit and loss' and for the year ended March 31, 2016, the same was reversed through the 'standalone statement of profit and loss'.

5 Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

Note 42. STANDARDS ISSUED BUT NOT YET EFFECTIVE:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Notes to the standalone financial statements for the year ended March 31, 2017

NOTE 43. DETAILS OF SPECIFIED BANK NOTES (SBN):

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.02	0.07	0.09
Add: Permitted receipts	-	-	-
Add: Withdrawals from bank accounts	-	1.15	1.15
Less: Permitted payments	(0.02)	(1.19)	(1.21)
Less: Amount deposited in bank accounts	-	(0.03)	(0.03)
Closing cash in hand as on December 30, 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

Note 44. COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

The Company purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

Cost of hardware, software and support charges for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹ Nil (March 31, 2016: ₹173.46 Lakhs)

Note 45

As at March 31, 2017, the Company has assessed the carrying value of the investment in its wholly owned subsidiary viz., Subex (UK) Limited of ₹64,738.68 Lakhs. Considering the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management is of the view that, the carrying value of its aforesaid investment in Subex (UK) Limited as at March 31, 2017 is appropriate.

Note 46

Subsequent to balance sheet date, the Company has made an allotment of 55,094,999 equity shares of the Company on a preferential basis, at an issue price of ₹14 per equity share (Face value of ₹10 per equity share) amounting to ₹7,713.30 Lakhs.

Note 47

The Company had remitted the withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹1,051.60 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, are recoverable from income tax department and/or are adjustable against its other withholding taxes obligations. Accordingly, in the current year the Company has revised the returns of withholding taxes and adjusted withholding taxes of ₹1,036.59 Lakhs (March 31, 2016: ₹ Nil) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 48

The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2017 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone financial statements, particularly on account of tax expense and that of provision for taxation.

Note 49

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding financial years and accordingly, is not required to spend any amount for this purpose. However, during the year ended March 31, 2017, the Company has voluntarily incurred an expense of ₹3.60 Lakhs towards CSR activities.

Note 50

The standalone financial information of the Company for transition date i.e. opening standalone balance sheet date being April 01, 2015 included in these standalone financial statements, are based on the previously issued standalone financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

The comparative standalone financial information as at and for the year ended March 31, 2016 have been compiled after making necessary Ind AS adjustments to the audited standalone financial statements prepared under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company
Secretary

Nisha Dutt

Director

DIN : 06465957

FORM AOC 1

(Information in respect of each Subsidiary to be presented with amounts in ₹ Lakhs)

Particulars	Name of the subsidiary						
	Subex (Aisa Pacific) PTE Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Incorporated	Subex Technologies Ltd.**	Subex Middle East	Subex Technologies Inc**
Reporting period of the subsidiary concerned	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Reporting Currency	SGD	GBP	USD	USD	INR	AED	USD
Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	46.41	80.90	64.85	64.85	1.00	17.66	64.85
Share Capital	0.00	40.60	38,770.44	0.00	500.00	27.06	-
Reserve & Surplus	(2,377.59)	9,692.47	(39,951.24)	(3,049.73)	(470.88)	44.37	(2,090.58)
Total Assets	4,549.34	18,526.15	11,244.46	5,060.86	104.66	1,421.92	(0.05)
Total Liabilities	(6,926.93)	(8,793.08)	(12,425.25)	(8,110.59)	(75.54)	(1,350.49)	-
Investments	-	496.35	0.88	-	-	-	-
Turnover*	2,555.14	17,618.54	3,186.49	10,694.48	-	1,706.16	-
Profit/ (Loss) before tax	987.36	2,465.75	3,017.63	171.43	(1.37)	35.36	(1.45)
Profit / (Loss) after tax	892.01	1,858.90	3,011.66	116.79	54.44	35.36	(1.45)
Proposed Dividend	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%
Date of Acquisition	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	Jan 12, 2000

* Turnover includes inter company transactions.

** Non-operating entity.

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Anil Singhvi
Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Prabhu
Director
DIN : 03114937

Ganesh K.V
CFO & Global Head- Legal & Company Secretary

Place: Bengaluru, India
Date : May 25, 2017

Consolidated Financial Statement

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Subex Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Statement of Cash Flows, the consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March

31, 2017, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company, incorporated in India as on March 31, 2017 and taken on record by the Board of Directors of the Holding Company and the subsidiary company respectively, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in

the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated Ind AS financial statements – refer note 34(b) to the consolidated Ind AS financial statements;
- ii. The Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India during the year ended March 31, 2017; and
- iv. The Holding Company and its subsidiary company, incorporated in India, have provided requisite disclosures in note 43 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company and its subsidiary company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Subex Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Holding Company") and its subsidiary company (which are companies incorporated in India), as of and for the year ended March 31, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of Subex Limited and its subsidiary company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal controls over financial reporting

criteria established by the Holding Company and its subsidiary company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Consolidated balance sheet as at March 31, 2017

(₹ in Lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	785.05	647.60	708.93
Goodwill on consolidation	5	65,882.22	76,772.22	85,642.22
Other intangible assets	4	137.63	81.99	108.92
Financial assets				
Loans	6	398.82	365.48	752.23
Other balances with banks	7	257.73	237.67	751.92
Other financial assets	10	233.80	234.69	233.80
Income tax assets (net)	11	1,976.68	1,665.45	1,680.94
Deferred tax assets	12	478.13	383.93	-
Other non-current assets	13	564.33	616.88	266.90
		70,714.39	81,005.91	90,145.86
Current assets				
Financial assets				
Loans	6	195.56	198.78	329.69
Trade receivables	8	11,851.15	11,148.15	10,859.88
Cash and cash equivalents	9	7,386.10	8,599.63	4,918.08
Other financial assets	10	4,508.42	2,551.44	5,091.65
Other current assets	13	1,013.20	706.95	589.24
		24,954.43	23,204.95	21,788.54
Total assets		95,668.82	104,210.86	111,934.40
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	50,690.79	50,281.16	18,292.26
Other equity	15	17,717.97	23,101.60	6,894.90
Total equity		68,408.76	73,382.76	25,187.16
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	-	4,056.52	55,275.65
Other financial liabilities	18	-	571.08	7,354.05
Provisions	20	296.79	295.47	320.16
		296.79	4,923.07	62,949.86
Current liabilities				
Financial liabilities				
Borrowings	16	8,589.91	10,395.74	12,506.54
Trade payable	17	1,804.91	1,676.58	3,414.50
Other financial liabilities	18	11,922.51	9,966.75	5,083.94
Other current liabilities	19	3,085.01	2,434.87	1,965.30
Provisions	20	676.57	653.21	542.50
Income tax liabilities (net)	21	884.36	777.88	284.60
		26,963.27	25,905.03	23,797.38
Total liabilities		27,260.06	30,828.10	86,747.24
Total equity and liabilities		95,668.82	104,210.86	111,934.40
Corporate information and significant accounting policies				
The accompanying notes are an integral part of the financial statements				

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of profit and loss for the year ended March 31, 2017 (₹ in Lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
1 Income			
Revenue from operations	22	35,733.15	32,245.77
Other income	23	1,091.03	116.46
Total income		36,824.18	32,362.23
2 Expenses			
Cost of hardware, software and support charges		693.81	41.56
Employee benefits expense	24	15,871.06	16,034.15
Other expenses	25	10,259.29	9,460.00
Depreciation and amortization	26	494.52	427.49
Total expenses		27,318.68	25,963.20
3 Earnings before interest, exceptional items and tax (EBIT) (1-2)		9,505.50	6,399.03
4 Finance Income	27	62.55	66.19
5 Finance cost	28	2,040.08	6,151.60
6 Profit before exceptional items and tax (3+4-5)		7,527.97	313.62
7 Exceptional items (net)	29	(10,890.00)	(6,469.44)
8 Loss before tax (6+7)		(3,362.03)	(6,155.82)
9 Tax expense: (refer note 21)			
Current tax		1,055.04	1,657.00
Deferred tax (MAT credit entitlement)		(94.20)	(383.93)
		960.84	1,273.07
10 Loss for the year (8-9)		(4,322.87)	(7,428.89)
11 Other comprehensive income ('OCI'), net of tax			
OCI to be reclassified to profit or loss in subsequent periods:			
Net Exchange differences on translation of foreign operations		(1,343.39)	(1,828.23)
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		(32.30)	(5.04)
		(1,375.69)	(1,833.27)
12 Total comprehensive income for the year attributable to equity holders of the Company (10+11)		(5,698.56)	(9,262.16)
13 Basic and diluted loss per equity share (nominal value of share ₹10 (March 31, 2016 : ₹10)	30	(0.85)	(2.56)
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of change in equity for the year ended March 31, 2017

A. Equity share capital (refer note 14):

Particulars	No.	₹ in Lakhs
Equity shares of ₹10 each issued, subscribed and fully paid up		
As at April 1, 2015	182,922,575	18,292.26
Issued during the year - Conversion of FCCBs*	319,889,071	31,988.90
As at March 31, 2016	502,811,646	50,281.16
Issued during the year - Conversion of FCCBs*	4,096,290	409.63
As at March 31, 2017	506,907,936	50,690.79

B. Other equity (refer note 15):

(₹ in Lakhs)

	Attributable to equity holders of the Company						Total
	Reserves and surplus				OCI		
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Exchange reserve on consolidation	
As at April 1, 2015	4,648.16	13,215.75	1,779.76	78.10	(4,388.37)	(8,438.50)	6,894.90
Loss for the year	-	-	-	-	(7,428.89)	-	(7,428.89)
Less: Other comprehensive income	-	-	-	-	(5.04)	(1,828.23)	(1,833.27)
Add/ (less): On account of conversion of FCCBs*	(4,388.76)	11,161.84	-	-	18,757.58	-	25,530.66
Less : Compensation on ESOP cancelled/ lapsed during the year	-	-	-	(62.15)	-	-	(62.15)
Deferred stock compensation expenses	-	-	-	0.35	-	-	0.35
As at March 31, 2016	259.40	24,377.59	1,779.76	16.30	6,935.28	(10,266.73)	23,101.60
Loss for the year	-	-	-	-	(4,322.87)	-	(4,322.87)
Less: Other comprehensive income	-	-	-	-	(32.30)	(1,343.39)	(1,375.69)
Add/ (less): On account of conversion of FCCBs*	(54.16)	122.89	-	-	256.06	-	324.79
Less : Compensation on ESOP cancelled/ lapsed during the year	-	-	-	(10.11)	-	-	(10.11)
Deferred stock compensation expenses	-	-	-	0.25	-	-	0.25
As at March 31, 2017	205.24	24,500.48	1,779.76	6.44	2,836.17	(11,610.12)	17,717.97

* Refer note 31 regarding conversion of FCCBs into equity shares of the Company.

Corporate information and significant accounting policies (refer note 1 & 2)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of cash flows for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(A) Operating activities		
Loss before tax	(3,362.03)	(6,155.82)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	458.32	378.71
Amortization of intangible assets	36.20	48.78
(Gain)/loss on disposal of property, plant and equipment (net)	(0.75)	0.34
Finance income (including fair value changes)	(62.55)	(66.19)
Finance costs (including fair value changes)	2,040.08	3,751.04
Provision for doubtful debts	1,203.29	(439.03)
Impairment of goodwill (exceptional item)	10,890.00	8,870.00
Write back of withholding taxes paid earlier	(1,036.59)	-
Amortised cost of deposits	52.95	62.63
Fair value change in financial instruments	20.54	1,846.23
Net foreign exchange differences	(320.89)	(1,196.07)
Operating profit before working capital changes	9,918.57	7,100.62
<i>Working capital adjustments:</i>		
(Increase)/decrease in loans	(31.90)	165.42
(Increase)/decrease in trade receivables	(2,744.99)	340.60
(Increase)/decrease in other financial assets	(2,173.62)	2,589.99
(Increase)/decrease in other assets	(308.35)	(105.36)
Increase/(decrease) in trade payables	192.78	(2,414.07)
Increase/(decrease) in other financial liabilities	(159.36)	(283.18)
Increase/(decrease) in other current liabilities	1,928.40	364.37
Increase/(decrease) in provisions	8.04	32.12
	6,629.57	7,790.51
Income tax paid (including TDS) (net)	(1,237.57)	(1,152.14)
Net cash flows from operating activities	5,392.00	6,638.37
(B) Investing activities		
Purchase of property, plant and equipment	(604.27)	(304.46)
Purchase of intangible assets	(92.07)	(21.60)
Proceeds from sale of property, plant and equipment	1.64	1.23
Movement in deposits (net)	(29.08)	485.65
Interest received	20.37	2.38
Net cash flows (used in)/from investing activities	(703.41)	163.20

Consolidated statement of cash flows for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(C) Financing activities		
Movement in working capital loans (net)	(1,980.52)	(2,263.50)
Interest paid	(1,258.28)	(1,372.27)
Repayment of borrowings (FCCBs I and II)	(2,248.68)	-
Net cash flows used in financing activities	(5,487.48)	(3,635.77)
(D) Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(798.89)	3,165.80
Net foreign exchange difference	(414.64)	515.75
Cash and cash equivalents at the beginning of the year	8,599.63	4,918.08
(E) Cash and cash equivalents at year end	7,386.10	8,599.63
Corporate information and significant accounting policies (refer note 1 & 2)		
The accompanying notes are an integral part of the consolidated financial statements		

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

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Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 1. Corporate information

Subex Limited ("the Company" or "Subex" or "holding company") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems (OSS/BSS) to communication service providers (CSPs) worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre (ROC) – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect / inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

The consolidated financial statements for the year ended March 31, 2017 comprise financial statements of Subex Limited and its subsidiaries (collectively hereafter referred to as "the Group").

These consolidated financial statements for the year ended March 31, 2017 are approved by the Board of Directors on May 25, 2017.

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the entity (Wholly owned Subsidiary)	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary as at	
			March 31, 2017	March 31, 2016
Subex Americas Inc.	Canada	Subex Limited & Subex (UK) Limited	100	100
Subex (UK) Limited	United Kingdom	Subex Limited	100	100
Subex Inc.	United States of America	Subex (UK) Limited	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	Subex (UK) Limited	100	100
Subex Middle East, FZE	United Arab Emirates	Subex Limited	100	100
Subex Technologies Limited*	India	Subex Limited	100	100
Subex Technologies Inc.*	United States of America	Subex Technologies Limited	100	100
Subex Azure Holdings Inc.*	United States of America	Subex Americas Inc.	100	100

* Represents non-operating companies.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Note 2. Significant accounting policies

a. Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The consolidated financial

Notes to the consolidated financial statements for the year ended March 31, 2017

statements of the Group have been prepared and presented in accordance with Ind AS. Previous year numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016. (refer note 41 for reconciliations and effects of transition).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR ('₹') and all the values are rounded off to the nearest lakhs (INR 00,000) except when otherwise indicated.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017 as disclosed in note 1. Control exists when the parent has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

Exposure or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On

Notes to the consolidated financial statements for the year ended March 31, 2017

the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in Other equity, in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.

- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

c. Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

- **Revenue recognition**

The Group uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Group to estimate the completed efforts as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

- **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 5.

- **Impairment of financial assets**

The Group assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses in accordance with Ind AS 109. The Group provides for impairment of trade receivables and unbilled revenue outstanding for

Notes to the consolidated financial statements for the year ended March 31, 2017

more than 1 year from the date they are due for payment and billing respectively. The Group also assesses for impairment of financial assets on specific identification basis at each period end. Also, refer note 2(j).

- **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

- **Fair Value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(l).

- **Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.

- **Taxes**

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, tax credits including the amount expected to be paid or refunded. Also refer note 2(r) and note 21.

- d. **Current/ non-current classification**

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to the consolidated financial statements for the year ended March 31, 2017

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

e. Business combination and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with no adjustment.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised is not reversed in subsequent periods.

f. Revenue recognition

The Group derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Group, in which cases revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Notes to the consolidated financial statements for the year ended March 31, 2017

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined on the basis of completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Group has applied the guidance in Ind AS18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Group is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

The Group collects service tax, sales tax and other taxes as applicable in the respective tax jurisdictions where the group operates, on behalf of the government and therefore it is not an economic benefit flowing to the Group. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in the other financial assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized.

Interest:

Interest income is recognized as it accrues in the consolidated statement of profit and loss using effective interest rate method.

g. Property, plant and equipment

At the date of transition to Ind AS the Group has evaluated the cost of its plant and equipment and has regarded the carrying value under previous GAAP ('Indian GAAP') as at such date as the deemed cost.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying

Notes to the consolidated financial statements for the year ended March 31, 2017

amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the consolidated statement of profit and loss when the assets are derecognized.

h. Intangible assets (excluding goodwill on consolidation)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

i. Depreciation and amortisation

Depreciation on property, plant and equipment and amortisation on intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management.

The Group has used the following useful lives to provide depreciation on plant and equipment and amortisation of intangible assets

Asset	Useful lives estimated by the management	Useful lives as per Companies Act, 2013
Computer hardware	3 years	3 years
Furniture and fixtures *	5 years	10 years
Vehicles *	5 years	8 years
Office equipments *	5 years	3 years
Computer software	4 years	As per Ind AS 38

* Based on an internal evaluation, management believes that the useful lives as given above are realistic and reflect fair approximation of the period over which the assets are likely to be used. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of The Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements for the year ended March 31, 2017

j. Impairment

Financial Assets:

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable

Notes to the consolidated financial statements for the year ended March 31, 2017

to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

I. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Group becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the consolidated statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For

Notes to the consolidated financial statements for the year ended March 31, 2017

trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

Compound financial instruments in form of Foreign Currency Convertible Bonds are separated into liability and equity components based on the terms of the contract. On issuance of the Foreign Currency Convertible Bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Foreign Currency Convertible Bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business

Notes to the consolidated financial statements for the year ended March 31, 2017

model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Consolidated statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

o. Employee share based payments

The Group measures compensation cost relating to employee stock option plan using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding

Notes to the consolidated financial statements for the year ended March 31, 2017

increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p. Employee benefits

Employee benefits include provident fund, pension fund, employee state insurance gratuity and compensated absences.

(a) Defined contribution plans:

Contributions payable to recognized provident funds and employee state insurance which are defined contribution schemes, are charged to the consolidated statement of profit and loss.

(b) Defined benefit plans:

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the consolidated statement of profit and loss. As required under Ind AS compliant Schedule III, the Group transfers it immediately to 'Surplus/(deficit) in the statement of profit and loss'.

(c) Short-term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(d) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire compensated absences balance as a current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

q. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the consolidated financial statements for the year ended March 31, 2017

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the consolidated statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

r. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Notes to the consolidated financial statements for the year ended March 31, 2017

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

s. Provision and contingencies

Provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit / (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization

Notes to the consolidated financial statements for the year ended March 31, 2017

and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

v. Measurement of EBIT

As permitted by the Guidance Note on the Schedule III to the Companies Act, 2013, the Group has elected to present earnings before interest and tax ('EBIT') as a separate line item on the face of the consolidated statement of profit and loss. The Group measures EBIT on the basis of profit/(loss) from its operations. In its measurement, the Group does not include, interest income, finance costs and tax expense.

Note 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 01, 2015	623.69	15.58	0.26	69.40	708.93
Additions	281.63	6.43	0.68	15.72	304.46
Disposals	(2.56)	-	-	(1.34)	(3.90)
Exchange differences	12.73	0.59	-	1.34	14.66
As at March 31, 2016	915.49	22.60	0.94	85.12	1,024.15
Additions	569.49	11.39	11.09	12.30	604.27
Disposals	(1.01)	-	-	(0.05)	(1.06)
Exchange differences	(11.29)	(1.09)	-	(4.53)	(16.91)
As at March 31, 2017	1,472.68	32.90	12.03	92.84	1,610.45
Depreciation					
As at April 01, 2015	-	-	-	-	-
Charge for the year	351.38	5.12	0.16	22.05	378.71
Disposals	(2.39)	-	-	(0.46)	(2.85)
Exchange differences	0.92	(0.02)	-	(0.21)	0.69
As at March 31, 2016	349.91	5.10	0.16	21.38	376.55
Charge for the year	429.57	6.59	1.91	20.25	458.32
Disposals	(0.16)	-	-	(0.01)	(0.17)
Exchange differences	(8.94)	(0.10)	-	(0.26)	(9.30)
As at March 31, 2017	770.38	11.59	2.07	41.36	825.40
Net block					
As at April 01, 2015	623.69	15.58	0.26	69.40	708.93
As at March 31, 2016	565.58	17.50	0.78	63.74	647.60
As at March 31, 2017	702.30	21.31	9.96	51.48	785.05

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer softwares	Total
Gross block		
As at April 01, 2015	108.92	108.92
Additions	21.60	21.60
Disposals	-	-
Exchange differences	0.27	0.27
As at March 31, 2016	130.79	130.79
Additions	92.07	92.07
Disposals	-	-
Exchange differences	(0.34)	(0.34)
As at March 31, 2017	222.52	222.52
Amortization		
As at April 01, 2015	-	-
Amortization for the year	48.78	48.78
Disposals	-	-
Exchange differences	0.02	0.02
As at March 31, 2016	48.80	48.80
Amortization for the year	36.20	36.20
Disposals	-	-
Exchange differences	(0.11)	(0.11)
As at March 31, 2017	84.89	84.89
Net block		
As at April 01, 2015	108.92	108.92
As at March 31, 2016	81.99	81.99
As at March 31, 2017	137.63	137.63

Note: Refer note 16 for the assets given on security.

Note 5. GOODWILL ON CONSOLIDATION

Following is the movement of carrying value of Goodwill

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carrying value as per last financial statement	76,772.22	85,642.22	85,642.22
Less: Impairment of goodwill (refer note 29)	(10,890.00)	(8,870.00)	-
Closing balance	65,882.22	76,772.22	85,642.22

Notes to the consolidated financial statements for the year ended March 31, 2017

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Revenue Management Solutions ('RMS')	62,156.22	67,036.22	67,036.22
Data Integrity Management ('DIM')	3,726.00	9,736.00	18,606.00
	65,882.22	76,772.22	85,642.22

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Growth rate	8% to 28%	19% to 60%	6% to 56%
Operating margins	23% to 29%	24% to 25%	26% to 48%
Discount rate	13% to 14%	12% to 14%	11% to 12%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been impairment of goodwill amounting to ₹4,880.00 Lakhs (March 31, 2016: ₹Nil) in relation to RMS CGU and ₹6,010.00 Lakhs (March 31, 2016: ₹8,870.00 Lakhs) in relation to DIM CGU, and such impairment is on account of decline in operations. The aforesaid impairment has been reflected as 'exceptional item' (refer note 29)

Note 6. LOANS

(Unsecured, considered good)

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Security deposit	398.82	365.48	752.23
	398.82	365.48	752.23
Current			
Loans and advances to employees	195.56	198.78	329.69
	195.56	198.78	329.69

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 7. OTHER BALANCES WITH BANKS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Other bank balances (refer note 9)			
Margin money deposits*	257.73	237.42	751.92
Restricted bank balance	-	0.25	-
	257.73	237.67	751.92

* Represents margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the balance sheet date, these deposits are made for varying periods, depending on the requirements of business and earn interest at the respective term deposit rates.

Note 8. TRADE RECEIVABLES

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Considered doubtful	2,595.60	2,956.13	5,317.63
Less: Provision for doubtful debts **	(2,595.60)	(2,956.13)	(5,317.63)
	-	-	-
Current			
Considered good	11,851.15	11,148.15	10,859.88
	11,851.15	11,148.15	10,859.88

* During the year ended March 31, 2017, the Group has written off bad debts amounting to ₹1,571.95 Lakhs (March 31, 2016 : ₹1,975.31 Lakhs).

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivable due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days

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Notes to the consolidated financial statements for the year ended March 31, 2017

Note 9. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Balance with banks			
In current accounts	7,364.18	8,506.69	4,843.65
In EEFC accounts	21.13	92.12	73.66
Cash on hand	0.79	0.82	0.77
	7,386.10	8,599.63	4,918.08
Non-current			
Other balances with banks			
Deposits with remaining maturity for more than 12 months	257.73	237.67	751.92
	257.73	237.67	751.92
Less: Disclosed under other balances with banks (Non-current) (Refer note 7)	(257.73)	(237.67)	(751.92)
	-	-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

Note 10. OTHER FINANCIAL ASSETS

Unsecured, considered good
Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Interest accrued but not due on bank deposits	-	0.89	-
Advance recoverable from former directors (refer note 34(b))	233.80	233.80	233.80
	233.80	234.69	233.80
Current			
Unbilled revenue	4,497.12	2,547.38	5,088.77
Interest accrued but not due on bank deposits	11.30	4.06	2.88
	4,508.42	2,551.44	5,091.65

Note 11. INCOME TAX ASSETS (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance income-tax [net of provision for taxation ₹706.44 Lakhs (March 31, 2016: ₹622.15 Lakhs (April 1, 2015: ₹581.57 Lakhs)]	1,976.68	1,665.45	1,680.94
	1,976.68	1,665.45	1,680.94

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 12. DEFERRED TAX ASSET

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Minimum alternative tax ('MAT') credit entitlement	478.13	383.93	-
	478.13	383.93	-

Note 13. OTHER ASSETS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Balance with statutory/ government authorities*	266.90	266.90	266.90
Advance recoverable in cash or kind			
Prepaid expenses	297.43	349.98	-
	564.33	616.88	266.90
Current			
Advance recoverable in cash or kind			
Prepaid expenses	671.25	580.87	329.43
Advance to suppliers	192.95	41.25	252.91
Balance with statutory/ government authorities	79.78	17.60	-
Expenses incurred on behalf of customers	69.22	67.23	6.90
	1,013.20	706.95	589.24

* Balances represents service tax erroneously paid by the Group during the financial year 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Note 14. SHARE CAPITAL

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹10 each		
As at April 1, 2015	49,50,40,000	49,504.00
Increase during the year	5,00,00,000	5,000.00
As at March 31, 2016	54,50,40,000	54,504.00
Increase during the year	-	-
As at March 31, 2017	54,50,40,000	54,504.00
Preference shares ₹98 each		
As at April 1, 2015	2,00,000	196.00
Increase during the year	-	-
As at March 31, 2016	2,00,000	196.00
Increase during the year	-	-
As at March 31, 2017	2,00,000	196.00

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 14. SHARE CAPITAL (contd.)

	No.	₹ in Lakhs
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹10 each issued, subscribed and fully paid up		
As at April 1, 2015 *	18,29,22,575	18,292.26
Issued during the year - Conversion of FCCBs	31,98,89,071	31,988.90
As at March 31, 2016	50,28,11,646	50,281.16
Issued during the year - Conversion of FCCBs	40,96,290	409.63
As at March 31, 2017	50,69,07,936	50,690.79

* includes 243,207 (March 31, 2016: 243,207; April 1, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Group had not declared any dividend during the year ended March 31, 2017 and March 31, 2016.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shares held by each shareholder (together with Persons Acting in Concert [PAC]) holding more than 5% shares in the Company

Equity shares of ₹10 each issued, subscribed and fully paid up

Name of the shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of total shares	No.	% of total shares	No.	% of total shares
QVT Mauritius West Fund & Quintessence Mauritius West Fund	47,843,816	9.44	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	17,436,426	3.44	21,559,422	4.29	10,892,721	6.01
Nomura Singapore Limited	2,806,956	0.55	881,257	0.18	10,234,433	5.64
Merrill Lynch Capital Markets Espana SA SV	-	-	4,311,884	0.86	10,192,621	5.62
Suffolk (Mauritius) Limited & Mansfield(Mauritius) Limited	-	-	-	-	17,372,221	9.58

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the consolidated financial statements for the year ended March 31, 2017

c) Shares reserved for issue under options (No.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)			
ESOP 2000	-	-	1,925
ESOP 2005	92,368	144,979	741,072
ESOP 2008	28,301	130,500	475,010
(ii) FCCBs (refer note 31)			
FCCBs I	-	67,174	67,174
FCCBs II	-	839,721	839,721
FCCBs III	15,522,785	19,619,075	200,531,961
	15,643,454	20,801,449	202,656,863

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares (No.)			
Equity shares allotted as fully paid-up pursuant to contract (no.)	8,93,35,462	8,93,35,462	8,93,35,462
(In accordance with the terms of FCCBs III, out of the principal face value of US\$ 127.72 Million (₹71,592.81 Lakhs), an amount of US\$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012). (Also refer note 31)			

Note 15. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Equity component of compound financial instruments		
Balance as per last financial statements	259.40	4,648.16
Less: Conversion of FCCBs	(54.16)	(4,388.76)
Closing balance	205.24	259.40
Securities premium		
Balance as per last financial statements	24,377.59	13,215.75
Add: Additions during the year on conversion of FCCBs	122.89	11,161.84
Closing balance	24,500.48	24,377.59
General reserve		
Balance as per last financial statements	1,779.76	1,779.76
Add: Additions during the year	-	-
Closing balance	1,779.76	1,779.76

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 15. OTHER EQUITY (contd.)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Employee stock options reserve		
Balance as per last financial statements	16.30	78.10
Less : Compensation on ESOP cancelled/lapsed during the year	(10.11)	(62.15)
Add : Deferred stock compensation expenses	0.25	0.35
Closing balance	6.44	16.30
Exchange reserve on consolidation		
Balance as per last financial statements	(10,266.73)	(8,438.50)
Add: Effect of foreign exchange rate variations during the year	(1,343.39)	(1,828.23)
Closing balance	(11,610.12)	(10,266.73)
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	6,935.28	(4,388.37)
Less: Loss for the year	(4,322.87)	(7,428.89)
Add: Residual portion of FCCB's conversion	256.06	18,757.58
Less: OCI- Remeasurement Losses of defined benefit obligations	(32.30)	(5.04)
Closing balance	2,836.17	6,935.28

Summary of other equity:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity component of compound financial instruments	205.24	259.40	4,648.16
Securities premium account	24,500.48	24,377.59	13,215.75
General reserve	1,779.76	1,779.76	1,779.76
Employee stock options reserve	6.44	16.30	78.10
Exchange reserve on consolidation	(11,610.12)	(10,266.73)	(8,438.50)
Surplus/(deficit) in the statement of profit and loss	2,836.17	6,935.28	(4,388.37)
Total other equity	17,717.97	23,101.60	6,894.90

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Notes to the consolidated financial statements for the year ended March 31, 2017

Note 16. BORROWINGS

Carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Non - current			
Foreign currency convertible bonds (refer note 31)			
Secured*	-	2,860.16	48,151.16
Unsecured**	-	-	1,811.99
Current maturities of long-term borrowings:			
Secured*	2,277.17	-	-
Unsecured**	-	2,071.31	-
Term loans***			
Unsecured	-	1,196.36	5,312.50
Current maturities of long-term borrowings (unsecured)	7,782.00	6,287.69	2,187.50
	10,059.17	12,415.52	57,463.15
Less: Disclosed under other financial liabilities (current) (note 18)	(10,059.17)	(8,359.00)	(2,187.50)
	-	4,056.52	55,275.65
Current			
Loans repayable on demand from banks (Secured)			
Loan Type - I (refer note [i] & [iii])	5,216.24	6,045.73	6,906.14
Loan Type - II (refer note [i], [ii] & [iii])	3,373.67	4,350.01	5,600.40
	8,589.91	10,395.74	12,506.54

* Secured FCCBs are carried at amortised cost at an effective interest rate of 9% (March 31, 2016: 9%, April 1, 2015: 9%) with maturity date July 07, 2017.

** Unsecured FCCBs are carried at amortised cost at an effective interest rate of 10.5% (March 31, 2016: 10.5%, April 1, 2015: 10.5%) with maturity date March 09, 2017. These FCCBs were repaid on due date.

*** Represents loan taken by Subex Americas Inc., which has been guaranteed by Subex (UK) Limited. The repayment terms vary from 17-28 months. These loans are carried at amortised cost at an effective interest rate of 9.5% (March 31, 2016: 9.5%, April 1, 2015: 10.5%). These loans were due for repayment by June 30, 2017. Subsequent to the year end, the entire loan of US\$ 12 Million have been repaid on May 15, 2017. Refer note 29(ii) for further details.

(i) The secured loan from banks are secured by primary charge on customer receivables of the Company and *paripassu* first charge on the current assets of the Company, and collateral *paripassu* first charge on the fixed assets of the Company, collateral *paripassu* first charge along with other working capital lenders and FCCB holders to the extent of the FCCBs III repayment fund to be set up with the working capital lenders.

(ii) The Company has also submitted a corporate guarantee by Subex Technologies Limited of ₹4,205.00 Lakhs (March 31, 2016 : ₹5,570.00 Lakhs, April 1, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹4,205.00 Lakhs (March 31, 2016: ₹5,570.00 Lakhs; April 1, 2015: ₹6,495.00 Lakhs) and pledged it's 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹2,933.84 Lakhs (March 31, 2016: ₹1,762.89 Lakhs, April 1, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹1,419.53 Lakhs (March 31, 2016: ₹3,945.39 Lakhs, April 1, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,236.54 Lakhs (March 31, 2016: ₹4,687.46 Lakhs, April 1, 2015: ₹5,402.71 Lakhs), which carried an average interest rate of 11.67%, 3.89% and 5.51% (March 31, 2016: 12.91%, 4.05% and 5.89%, April 1, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 17. TRADE PAYABLES

Carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Current			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises (refer note 17 [i])	-	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,804.91	1,671.75	3,411.44
	1,804.91	1,676.58	3,414.50

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 - 45 day terms.
- For explanations on the Group's liquidity risk management, refer note 40.

17 [i] Details of dues to micro enterprises and small enterprises:

The dues to Micro and Small enterprises as defined in "The Micro, Small & Medium Enterprises Development Act, 2006" are as follows:

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	0.06
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid.	-	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 18. OTHER FINANCIAL LIABILITIES

Carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Non-current			
Interest accrued but not due on borrowings	-	571.08	7,354.05
	-	571.08	7,354.05
Current			
Employee related liabilities	1,362.51	1,604.77	1,848.64
Interest accrued but not due on borrowings	500.83	2.98	1,047.80
Current maturities of long-term borrowings (refer note 16)	10,059.17	8,359.00	2,187.50
	11,922.51	9,966.75	5,083.94

Note 19. OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Current			
Unearned revenue	2,120.17	1,295.53	923.00
Statutory remittances (refer note 46)	964.84	1,139.34	1,042.30
	3,085.01	2,434.87	1,965.30

Note 20. Provisions

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Non-current			
Provisions for employee benefits	296.79	295.47	320.16
Gratuity (refer note 36 [b])	296.79	295.47	320.16
Current			
Provisions for employee benefits			
Gratuity (refer note 36 [b])	42.93	41.98	26.75
Leave benefits	533.64	511.23	415.75
Provision for litigations*	100.00	100.00	100.00
	676.57	653.21	542.50

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 34(b) for further details.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 21. INCOME TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for tax [net of advance tax ₹367.32 Lakhs (March 31, 2016: ₹853.81 Lakhs; April 1, 2015: ₹689.92 Lakhs)]	235.41	266.13	121.66
Provision for wealth tax	-	-	(0.82)
Provision for foreign taxes	486.98	349.78	-
Provision for litigation [net of tax deducted at source ₹62.29 Lakhs (March 31, 2016: ₹62.29 Lakhs; April 1, 2015: ₹62.14 Lakhs)*]	161.97	161.97	162.12
	884.36	777.88	284.60

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 34(b) for further details.

Income tax expense in the statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Tax expense:		
Current tax - income tax charge for the current year	1,055.04	1,657.00
Deferred tax (MAT credit entitlement)	(94.20)	(383.93)
Total tax expense	960.84	1,273.07

Notes:

- 21(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.
- 21(ii) No deferred tax asset, other than MAT credit entitlement has been recognised in the absence of reasonable certainty that taxable profits will be available against which the unused tax losses, unused tax credit and other deductible temporary differences can be utilized.

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Notes to the consolidated financial statements for the year ended March 31, 2017

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Loss before tax	(3,362.03)	(6,155.82)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	-	-
Components of tax expenses:		
Current taxes:		
Tax expense on taxable income of profitable subsidiaries	148.98	27.03
Provision for foreign withholding taxes	811.86	1,246.04
MAT provision at 18.5% on the adjusted book profits of the company in accordance with the provisions of Income Tax Act, 1961	94.20	383.93
Deferred tax:		
MAT credit entitlement available on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	(94.20)	(383.93)
Total adjustments (B)	960.84	1,273.07
Total tax expense (A+B)	960.84	1,273.07

Note 22. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products	4,770.61	3,117.51
Sale of services	30,962.54	29,128.26
	35,733.15	32,245.77
Details of products sold		
Sale of license	4,487.66	2,873.47
Sale of hardware and software	282.95	244.04
	4,770.61	3,117.51
Details of services rendered		
Implementation and customisation	8,656.07	6,510.29
Managed services	10,913.06	11,334.29
Support services	11,138.09	11,200.45
Others	255.32	83.23
	30,962.54	29,128.26

Note 23. OTHER INCOME

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Net gain on disposal of property, plant and equipment	0.75	-
Write back of withholding taxes paid earlier (refer note 46)	1,036.59	-
Miscellaneous income	53.69	116.46
	1,091.03	116.46

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages*	14,210.04	14,237.88
Contribution to provident and other funds	1,127.08	1,187.52
Staff welfare expenses	533.94	608.75
	15,871.06	16,034.15

* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹700.00 Lakhs (March 31, 2016: ₹1064.70 Lakhs).

Note 25. OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of software	249.33	360.44
Sub-contract charges	1,602.62	1,555.51
Rent	1,803.39	1,793.75
Power and fuel	200.54	208.83
Repairs and maintenance	-	-
- Building	159.37	153.11
- Others	500.06	515.97
Insurance	111.93	104.13
Communication costs	331.03	354.82
Printing and stationery	34.32	31.52
Traveling and conveyance	3,082.12	2,711.42
Rates and taxes	109.48	156.44
Advertisement and business promotion	399.72	290.45
Consultancy charges	789.71	685.71
Payments to auditors (refer note 25 [i])	185.98	158.13
Sales commission*	123.42	228.02
Provision for doubtful debts	1,203.29	(439.03)
Exchange fluctuation (Gain)/loss (net)	(698.28)	515.18
Directors sitting fees	52.52	59.13
Loss on sale of fixed assets (net)	-	0.34
Miscellaneous expenses	18.74	16.13
	10,259.29	9,460.00

* Sales commission for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹Nil (March 31, 2016: ₹213.77 Lakhs).

25 [i] Payments to the auditor (excluding service tax):

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Statutory auditor		
As auditor		
Audit fee	102.00	87.00
Tax audit fee	4.00	4.00
In other capacity:		
Other services (certification services)	-	2.50
Reimbursement of expenses	13.67	4.41
	119.67	97.91

Notes to the consolidated financial statements for the year ended March 31, 2017

25 [i] Payments to the auditor (excluding service tax): (contd.)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	64.73	57.00
Reimbursement of expenses	1.58	3.22
	66.31	60.22
Total	185.98	158.13

Note 26. DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	458.32	378.71
Amortization of other intangible assets (refer note 4)	36.20	48.78
	494.52	427.49

Note 27. FINANCE INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on:		
Security deposits	35.83	61.74
Bank deposits	26.72	4.45
	62.55	66.19

Note 28. FINANCE COST

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
Foreign currency convertible bonds (refer note 31)	494.04	3,753.78
Term loan	463.63	973.63
Other borrowings	657.43	1,003.27
Other finance charges	22.94	25.20
Bank charges	402.04	395.72
	2,040.08	6,151.60

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 29. EXCEPTIONAL ITEMS (NET)

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Impairment of goodwill (refer note 29 [i][a] & [b])	(10,890.00)	(8,870.00)
Reversal of interest accrued but not due pertaining to term loans (refer note 29[ii])	-	2,400.56
	(10,890.00)	(6,469.44)

29[i][a] As at March 31, 2017, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex Americas Inc., amounting to ₹9,736.00 Lakhs (March 31, 2016: ₹18,606.00 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,010.00 Lakhs (March 31, 2016: ₹8,870.00 Lakhs) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹3,726.00 Lakhs as at March 31, 2017 is appropriate.

29[i][b] As at March 31, 2017, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex (UK) Limited amounting to ₹67,036.22 Lakhs (March 31, 2016: ₹67,036.22 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹4,880.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹62,156.22 Lakhs as at March 31, 2017 is appropriate.

29[ii] During the year ended March 31, 2016, pursuant to the QVT Interest Waiver Letter dated March 26, 2016, the lenders of term loan of US\$ 12.00 Million to Subex Americas Inc. had waived the interest liability up to the date of such letter and interest accruing thereafter upto August 22, 2016. Further, interest rate has been revised from 10.5% per annum to 5% per annum, effective August 22, 2016. Consequently, accrued outstanding interest of US\$ 2.90 Million (₹1,970.12 Lakhs) has been written back and impact on measurement of such long term borrowings at fair value resulted in reduction in carrying value by ₹430.44 Lakhs as at March 31, 2016. During the current year ended March 31, 2017, such interest waiver has been extended till June 30, 2017 and subsequent to the year end, the entire loan of US\$ 12.00 Million has been repaid as on May 15, 2017.

Note 30. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (EPS) amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Nominal value per equity share (₹ per share)	10.00	10.00
Loss attributable to equity shareholders	(4,322.87)	(7,428.89)
Weighted average number of equity shares (No. in Lakhs)	5,063.00	2,904.20
Loss per share basic and diluted (₹ per share)*	(0.85)	(2.56)

* Foreign currency convertible bonds and employee stock options outstanding as at March 31, 2017 and March 31, 2016 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 31. FOREIGN CURRENCY CONVERTIBLE BONDS

- a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds ("FCCBs I") aggregating to US\$ 180 Million, with an interest rate of 2% p.a. payable semi-annually in arrears, with terms of conversion being :

- i) Exchange rate for conversion of FCCB : ₹44.08/ US\$
- ii) Conversion price : ₹656.20 per share
- iii) Redemption date : March 09, 2012
- iv) Premium payable on redemption : US\$. 14.05 Million.
- v) Listing on the London Stock Exchange

The bonds were available for conversion at any point in time during the period prior to the redemption date. During the year 2009-10, the Company presented to restructure the FCCBs I by offering a discount of ~30% on the face value of the existing bonds in return for new FCCBs ("FCCBs II") having a face value of US\$ 126 Million.

Pursuant to the offer, the FCCBs I Bondholders, with a face value of US\$ 141 Million exchanged their bonds for new FCCBs with a face value of US\$ 98.70 Million. The remaining FCCBs I bondholders holding bonds with a face value of US\$ 39 Million (out of the original bondholders holding US\$ 180 Million) did not choose the option for restructuring. The terms and conditions applicable for the new FCCB II bonds, for the US\$ 98.70 Million face value, were as under :

- i) Interest rate : 5% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCBs II : ₹48.17/ US\$
- iii) Conversion price : ₹80.31 per share
- iv) Redemption date : March 09, 2012
- v) Premium payable on redemption : US\$. 23.23 Million.
- vi) Listing on the Singapore Exchange Securities Trading Limited

Both the bonds were initially redeemable on or by March 9, 2012, if not converted into equity shares as per terms of issue. Based on an approval received from the Reserve Bank of India and bond holders, the redemption date was extended to July 09, 2012.

Out of the US\$ 98.70 Million of FCCBs II, bonds having a face value of US\$ 31.90 Million were converted into equity shares as of March 31, 2010 and bonds with a face value of US\$ 12 Million were converted during the year ending March 31, 2011, retaining a closing balance of US\$ 54.80 Million outstanding FCCBs II bonds.

- b) Pursuant to the approval of the holders of "US\$ 180 Million 2% convertible unsecured bonds", [of which US\$ 39 Million was outstanding ("FCCBs I")] and "US\$ 98.70 Million 5% convertible unsecured bonds", [of which US\$ 54.80 Million was outstanding ("FCCBs II")], at their respective meetings held on July 5, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US\$ 38 Million out of FCCBs I and US\$ 53.40 Million out of FCCBs II offered their bonds for exchange and secured bonds with a face value of US\$ 127.721 Million ("FCCBs III") were issued with maturity date of July 7, 2017. The Company has been legally advised that there is no tax incidence arising from the above restructuring.

The terms and conditions of FCCBs III are as under :

- i) Interest rate : 5.70% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹56.0545/ US\$

Notes to the consolidated financial statements for the year ended March 31, 2017

iii) Equity Conversion price : ₹22.79 per share

iv) Redemption date : July 07, 2017

v) Listing on the Singapore Exchange Securities Trading Limited

vi) Second ranking pari passu charge in respect of all movable properties, present & future, covered under the existing security and first ranking charge in respect of all movable properties, present & future, other than and to the extent covered by the existing security. First ranking charge on FCCB repayment fund on a pari passu basis jointly and equally with SBI and Axis Bank Ltd. The promoters of the company have pledged their shares towards securing the repayment of FCCBs III.

vii) Mandatory conversion of bonds with a face value of US\$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.

- c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US\$ 180 Million convertible unsecured bonds and US\$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US\$ 1 Million and FCCBs II of face value US\$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.

During the year ended March 31, 2017, the FCCBs I and FCCBs II are repaid in full along with the redemption premium applicable on these bonds on the maturity date.

- d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.

As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US\$ 3.60 Million as at March 31, 2017 would potentially be converted into 15,522,785 equity shares at an exchange rate of ₹56.0545/US\$ with a conversion price of ₹13 per equity share.

- e) (i) Of the outstanding FCCBs III of US\$ 91.40 Million as of July 2012, US\$ 87.80 Million have been converted till year ended March 31, 2017 as detailed below:

Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610
2016-17	0.95	₹56.0545	₹13.00	4,096,290

Notes to the consolidated financial statements for the year ended March 31, 2017

(ii) The face value of FCCBs outstanding as on March 31, 2017 is as follows:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	-	-	1.00	662.55	1.00	625.00
FCCBs II	-	-	1.40	927.57	1.40	875.00
FCCBs III	3.60	2,334.60	4.55	3,014.60	81.53	50,956.25
Total	3.60	2,334.60	6.95	4,604.72	83.93	52,456.25

- f) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.73 Million (₹473.41 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 3.60 Million (₹2,334.60 Lakhs) for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.
- g) Upon extinguishment of liability (i.e. principal and interest accrued), due to conversion of FCCBs III, the amortised cost of the liability in excess of share capital and securities premium as the date of conversion is credited to surplus/ (deficit) in the statement of profit and loss. Refer note 15.
- h) The amortised cost of borrowings and fair value of equity component of FCCBs outstanding as on March 31, 2017 is as follows:

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. FCCBs outstanding:			
FCCBs I	-	831.27	717.88
FCCBs II	-	1,240.04	1,094.11
FCCBs III	2,277.17	2,860.16	48,151.16
Total	2,277.17	4,931.47	49,963.15
II. Equity component of convertible bonds	205.24	259.40	4,648.16

Note 32. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Group's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Group's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Notes to the consolidated financial statements for the year ended March 31, 2017

Segment revenue by geographical location are as follows:*

(₹ in Lakhs)

Region	Year ended March 31, 2017	Year ended March 31, 2016
Americas	6,554.53	6,567.54
EMEA	20,392.00	18,017.37
India	2,835.33	2,013.55
APAC and rest of the world	5,951.29	5,647.31
	35,733.15	32,245.77

* Revenues by geographic area are based on the geographical location of the customer.

No customer individually accounted for more than 10% of the total revenue of the group for the year ended March 31, 2017. Revenue from one customer of EMEA region amounting to ₹3,498.75 (year ended March 31, 2016: ₹3,537.63) is more than 10% of the total revenue of the group for the year ended March 31, 2016.

Non-current operating assets by geographical location are as follows**

(₹ in Lakhs)

Region	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	1,046.07	1,019.45	817.08
Outside India	440.94	327.02	267.67
Unallocated ***	65,882.22	76,772.22	85,642.22
Total non-current operating assets	67,369.23	78,118.69	86,726.97

** Non-current operating assets includes Property, plant and equipment, Other intangible assets and Balance with statutory/government authorities and Prepaid expenses.

*** Unallocated represents Goodwill on consolidation. The management is of the view is that it is not practically feasible to allocate such goodwill to various regions.

Note 33. RELATED PARTY TRANSACTIONS

Related parties under Ind AS 24 and as per Companies Act, 2013.

Key management personnel of the Company

Surjeet Singh	Managing Director and Chief Executive Officer
Anil Singhvi	Independent Director
Nisha Dutt	Independent Director
Poornima Prabhu	Independent Director - Appointed w.e.f March 24, 2017
Sanjeev Aga	Independent Director - Resigned w.e.f October 27, 2016
Priyanka Roy	Independent Director - Resigned w.e.f March 10, 2017
Ganesh KV	Chief Financial Officer, Global Head- Legal and Company Secretary

Notes to the consolidated financial statements for the year ended March 31, 2017

Details of the transactions with the key management personnel

(₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salary and perquisites:*		
Surjeet Singh	571.53	557.05
Ganesh KV	77.41	67.40
	648.94	624.45
Director sitting fees		
Anil Singhvi	22.00	22.50
Nisha Dutt	14.00	6.00
Sanjeev Aga	10.00	22.50
Priyanka Roy	3.00	3.00
	49.00	54.00

*The remuneration to the key managerial personnel does not include the provisions/accruals made on estimate basis as they are determined for the Group as a whole

Note 34. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments

Operating leases

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹761.78 Lakhs (March 31, 2016: ₹536.93 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Within one year	63.71	753.61
After one year but not more than five years	5.44	70.65
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹1,041.61 Lakhs (March 31, 2016: ₹1,256.82 Lakhs).

Notes to the consolidated financial statements for the year ended March 31, 2017

b) Contingent liabilities

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax demands (refer Note - [i])	8,196.31	9,217.35	9,008.77
Service tax demands (refer Note - [ii])	3,687.15	3,687.15	3,687.15
Others (Note - [iii])	1,293.44	1,293.44	1,337.64
Bank guarantees (furnished to customers)	248.89	317.48	803.48
Corporate guarantee issued by Subex Technologies Limited and Subex (UK) Limited (refer note 16)	4,205.00	5,570.00	6,495.00

i. Income tax

The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2013, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Group has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Group has received certain claims from ex-directors of the Company for an amount of ₹ 1,293.44 Lakhs. The aforesaid claims are disputed by the Group and the matter is presently under arbitration with the arbitral tribunal. The management is of the view that these claims are not tenable.

The Group has also claimed the excess managerial remuneration of ₹123.80 Lakhs (March 31, 2016: ₹ 123.80 Lakhs, April 1, 2015: ₹123.80 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2016: ₹110.00 Lakhs, April 1, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2016: ₹233.80 Lakhs, April 1, 2015: ₹ 233.80 Lakhs) is included in 'Other Financial Assets' in the consolidated financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 34(a).

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 35. EMPLOYEE STOCK OPTION PLAN ('ESOPs')

The Group during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Employees' Stock Options details as on the balance sheet date are:

	2016-17		2015-16	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	1,44,979	24.28	7,41,072	27.99
ESOP – IV	1,30,500	28.51	4,75,010	28.49
Cancelled, surrendered or lapsed during the year				
ESOP – II	-	-	1,925	-
ESOP – III	52,611	-	5,96,093	-
ESOP – IV	1,02,199	-	3,44,510	-
Options outstanding at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Options exercisable at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.99	1,26,429	22.65
ESOP – IV	28,301	28.44	1,30,500	28.51

Notes to the consolidated financial statements for the year ended March 31, 2017

Details of Weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2016-17	2015-16	2016-17	2015-16
ESOP – II	-	-	-	-
ESOP – III	1.99	1.49	10.26 - 54.83	10.26 - 73.90
ESOP – IV	0.67	0.11	28.44	28.44 - 53.54

* considering vesting and exercise period

Fair value methodology

There were no new grants during the year ended March 31, 2017. The key assumptions used in Black-Scholes model for calculating fair value is as below:

	March 31, 2017	March 31, 2016
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Note 36. EMPLOYEE BENEFIT PLANS

a) Provident fund

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 989.77 Lakhs (March 31, 2016: ₹ 973.02 Lakhs) for Provident Fund and Pension Fund contributions and ₹ Nil (March 31, 2016: ₹ 0.08 Lakhs) for Employee State Insurance scheme contribution in the consolidated Statement of profit and loss.

b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the consolidated financial statements for the year ended March 31, 2017

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
A Change in defined benefit obligation		
Obligations at beginning of the year	452.94	405.20
Past Service cost	-	15.10
Service cost	75.39	74.97
Interest cost	31.91	30.14
Benefits settled	(107.67)	(78.94)
Actuarial loss (through OCI)	32.75	6.47
Currency translation adjustment	(1.51)	-
Obligations at end of the year	483.81	452.94
B Change in plan assets		
Plan assets at beginning of the year, at fair value	115.49	58.29
Expected return on plan assets	8.97	4.94
Actuarial loss (through OCI)	0.45	1.43
Contributions	120.00	130.00
Benefits settled	(100.82)	(79.17)
Plan assets at the end of the year	144.09	115.49
Present value of defined benefit obligation at the end of the year	(483.81)	(452.94)
Fair value of plan assets at the end of the year	144.09	115.49
C Net liability recognised in the consolidated balance sheet	(339.72)	(337.45)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2017
D Expenses recognised in statement of profit and loss:		
Service cost	75.39	74.97
Past service cost	-	15.10
Interest cost (net)	22.94	25.20
Net gratuity cost	98.33	115.27
E Re-measurement gains/(losses) in OCI		
Actuarial loss due to financial assumption changes	12.90	2.65
Actuarial loss due to experience adjustments	19.85	3.82
Actuarial gain-return on plan assets greater than discount rate	(0.45)	(1.43)
Total expenses recognised through OCI	32.30	5.04
F Assumptions		
Discount rate	7.00%	7.60%
Expected return on plan assets	7.60%	8.50%
Salary escalation*	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in Lakhs)		
G Five years payouts	As at March 31, 2017	As at March 31, 2016
Year 1	43.10	42.04
Year 2	70.07	70.64
Year 3	65.11	62.02
Year 4	62.16	54.14
Year 5	56.52	48.35
After 5th Year	365.67	166.54
H Contribution likely to be made for the next one year	120.00	120.00

* The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
Investment with insurer	100%	100%

J Sensitivity analysis

(₹ in Lakhs)				
	Year ended March 31, 2017		Year ended March 31, 2017	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/(decrease)	(10.35)	10.85	(8.53)	8.91
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/(decrease)	17.93	(17.21)	11.53	(11.74)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/(decrease)	(11.59)	8.73	0.74	(8.56)

Note 37.

Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

(a) Contribution of net assets/(liability) in the consolidated financial statements:

(₹ in Lakhs)						
Name of the entity	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Amount	% of total	Amount	% of total	Amount	% of total
Parent						
Subex Limited	65,110.94	95%	71,038.21	97%	24,935.23	99%
Indian Subsidiaries						
Subex Technologies Limited	42.05	0%	(114.15)	0%	(116.13)	0%
Foreign Subsidiaries						
Subex (Asia Pacific) Pte Ltd.	2,575.01	4%	1,620.76	2%	2,132.64	8%
Subex (UK) Ltd.	6,575.07	9%	6,962.84	10%	5,756.99	23%
Subex Americas Inc.	(7,814.80)	-11%	(7,826.01)	-11%	(9,317.61)	-37%
Subex Inc.,	603.72	1%	1,385.69	2%	1,788.99	7%
Subex Technologies Inc.	(0.05)	0%	1.39	0%	2.79	0%
Subex Middle East	1,316.82	2%	314.03	0%	4.26	0%
Total	68,408.76	100%	73,382.76	100%	25,187.16	100%

Notes to the consolidated financial statements for the year ended March 31, 2017

(b) Contribution of profit/(loss) in the consolidated financial statements:

(₹ in Lakhs)

Name of the entity	Year ended March 31, 2017		Year ended March 31, 2017	
	Amount	% of total	Amount	% of total
Parent				
Subex Limited	(13,987.30)	324%	(14,566.71)	196%
Indian Subsidiaries				
Subex Technologies Limited	51.67	-1%	(0.46)	0%
Foreign Subsidiaries				
Subex (Asia Pacific) Pte Ltd.	1,445.86	-33%	1,091.95	-15%
Subex (UK) Ltd.	7,203.94	-168%	5,014.71	-67%
Subex Americas Inc.	42.01	-1%	1,657.71	-22%
Subex Inc.,	(330.61)	8%	(743.18)	10%
Subex Technologies Inc.	(1.45)	0%	(0.52)	0%
Subex Middle East	1,253.01	-29%	117.61	-2%
Total	(4,322.87)	100%	(7,428.89)	100%

Note: The balances have been considered after eliminating all inter-company balances and transactions.

Note 38. CAPITAL MANAGEMENT

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Total equity attributable to the share holders of the Company	68,408.76	73,382.76	25,187.16
Borrowings - Non-Current	-	4,056.52	55,275.65
Borrowings - Current	8,589.91	10,395.74	12,506.54
Current maturities of long term borrowings	10,059.17	8,359.00	2,187.50
B. Total loans and borrowings	18,649.08	22,811.26	69,969.69
C. Total capital (A+B)	87,057.84	96,194.02	95,156.85
D. Total loans and borrowings as a percentage of total capital (B/C)	21%	24%	74%
E. Total equity as a percentage of total capital (A/C)	79%	76%	26%

The Company has transformed from a debt dominated Company to an equity dominated Company from financial year 2015-16. Current maturities of term loans of US\$ 12.00 Million (₹7,782.00 Lakhs) has been repaid as on May 15, 2017. Balance current maturities represent FCCBs III of ₹2,277.17 Lakhs, due for repayment in July 07, 2017. The current borrowings are in the nature of working capital loans from banks. The Group has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid FCCBs debt and current borrowings.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 39. FAIR VALUE HIERARCHY

The carrying value of financial instruments by categories is as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets measured at amortized cost:			
Interest accrued but not due on bank deposits*	11.30	4.95	2.88
Trade receivables*	11,851.15	11,148.15	10,859.88
Unbilled revenue*	4,497.12	2,547.38	5,088.77
Security deposits^	398.82	365.48	752.23
Loans and advances to employees*	195.56	198.78	329.69
Advance recoverable from former directors*	233.80	233.80	233.80
	17,187.75	14,498.54	17,267.25
Cash and cash equivalents and other balances with banks			
Cash on hand#	0.79	0.82	0.77
Balance with banks#	7,385.31	8,599.06	4,917.31
Margin money deposits#	257.73	237.42	751.92
	7,643.83	8,837.30	5,670.00
Financial liabilities measured at amortized cost:			
Employee related liabilities*	1,362.51	1,604.77	1,848.64
Trade payables*	1,804.91	1,676.58	3,414.50
Interest accrued but not due on borrowings^	500.83	574.06	8,401.85
Borrowings^	18,649.08	22,811.26	69,969.69
	22,317.33	26,666.67	83,634.68

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value value. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Note 40. FINANCIAL RISK MANAGEMENT:

The Group's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

Notes to the consolidated financial statements for the year ended March 31, 2017

a. Trade receivables

Credit risk is managed by each business unit as per the groups established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Groups credit period generally ranges from 30 – 180 days. The credit risk exposure of the group is as below.

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	11,851.15	11,148.15	10,859.88
Unbilled revenue	4,497.12	2,547.38	5,088.77
Total	16,348.27	13,695.53	15,948.65

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited as Group generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's debt obligations are: 1) FCCBs and term loans which carry a fixed coupon rate and 2) Short term borrowings in nature of working capital loans, which carry floating interest rates. Accordingly, the Group's risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

Particulars	(₹ in Lakhs)			
	Year ended March 31, 2017		Year ended March 31, 2016	
	Change in interest rate	Effect of profit before tax	Change in interest rate	Effect of profit before tax
Working capital loans	+1%	(94.41)	+1%	(107.85)
	-1%	94.41	-1%	107.85

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

Notes to the consolidated financial statements for the year ended March 31, 2017

The break-up of cash and cash equivalents and deposits and investments is as below.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents	7,386.10	8,599.63	4,918.08
Other balances with banks	257.73	237.67	751.92
	7,643.83	8,837.30	5,670.00

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2017					
Trade payables	542.12	999.99	262.80	-	1,804.91
Borrowings	-	18,701.11	-	-	18,701.11
Other financial liabilities	-	1,866.71	-	-	1,866.71
	542.12	21,567.81	262.80	-	22,372.73
As at March 31, 2016					
Trade payables	514.08	808.44	354.06	-	1,676.58
Borrowings	-	14,702.32	3,909.04	4,339.60	22,950.96
Other financial liabilities	-	1,649.46	-	610.48	2,259.94
	514.08	17,160.22	4,263.10	4,950.08	26,887.48

iv Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

March 31, 2017

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	6,631.05	-	1,586.91	1,670.23	9,888.19
Cash and cash equivalents and other bank balances	4,694.29	-	582.36	339.46	5,616.11
Other financial assets	3,069.75	0.32	186.06	84.80	3,340.93
Total financial assets	14,395.09	0.32	2,355.33	2,094.49	18,845.23
Financial liabilities					
Borrowings	2,786.39	1,978.76	72.74	818.18	5,656.07
Other financial liabilities	3,277.47	-	191.58	264.90	3,733.95
Total financial liabilities	6,063.86	1,978.76	264.32	1,083.08	9,390.02
Net financial assets/ (liabilities)	8,331.23	(1,978.76)	2,091.01	1,276.31	9,455.21

Notes to the consolidated financial statements for the year ended March 31, 2017

March 31, 2016					(₹ in Lakhs)
Particulars	Denominated Currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	6,144.42	-	1,238.77	2,458.88	9,842.07
Cash and cash equivalents and other bank balances	2,690.39	-	2,982.73	257.88	5,931.00
Other financial assets	1,792.40	0.90	76.74	112.28	1,982.32
Total financial assets	10,627.21	0.90	4,298.24	2,829.04	17,755.39
Financial liabilities					
Borrowings	6,840.48	3,927.41	66.17	659.08	11,493.14
Other financial liabilities	3,272.07	18.17	67.46	158.20	3,515.90
Total financial liabilities	10,112.55	3,945.58	133.63	817.29	15,009.04
Net financial assets/ (liabilities)	514.66	(3,944.68)	4,164.61	2,011.76	2,746.35

Sensitivity analysis

Every 1% increase or decrease of the respective foreign currencies compared to functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.29% (year ended March 31, 2016 by 0.09%).

Note 41. ADOPTION OF IND AS

A First time adoption

These consolidated financial statements, for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for year ending on March 31, 2017 together with the comparative period data, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the consolidated financial statements as at and for the year ended March 31, 2016.

B Exemption applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- 1 The Group has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- 2 Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the transition. After the date of the transition, measurement is in accordance with respective Ind AS.
- 3 Ind AS 102 Share-based payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

Notes to the consolidated financial statements for the year ended March 31, 2017

C Reconciliation of total equity between previous GAAP and Ind AS

1 Equity reconciliation:

(a) For the year ended March 31, 2016:

(₹ in Lakhs)		
Particulars	Notes	As at March 31, 2016
Equity as reported under previous GAAP		72,699.93
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	386.61
(b) Other term loans	41 D(2)	466.49
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(233.27)
(iii) Others (net)	41 D(4)&(5)	63.00
Equity as per Ind AS		73,382.76

(b) As at April 01, 2015:

(₹ in Lakhs)		
Particulars	Notes	As at April 01, 2015
Equity as reported under previous GAAP		20,904.02
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	4,456.58
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(200.73)
(iii) Others (net)	41 D(4)&(5)	27.29
Equity as per Ind AS		25,187.16

2 Total comprehensive income reconciliation for the year ended March 31, 2016:

(₹ in Lakhs)		
Particulars	Notes	As at March 31, 2016
Net profit under previous GAAP		5,872.49
Effect of transition to Ind AS:		
(i) Measurement of FCCBs at fair value		
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares.	41 D(1)	(11,891.15)
(b) Impact on foreign exchange due to change in carrying value of FCCBs and related account balances and transfer of exchange gain to retained earnings on conversion of FCCBs into equity shares.		(1,846.23)
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(32.54)
(iii) Impact on measurement of other long term borrowings at fair value	41 D(2)	431.00
(iv) Others (net)	41 D(4)&(5)	37.54
Net loss after tax as per Ind AS		(7,428.89)
Other comprehensive income	41 D(5)&(6)	(1,833.27)
Total comprehensive income as per Ind AS		(9,262.16)

Notes to the consolidated financial statements for the year ended March 31, 2017

D Notes to reconciliation between Previous GAAP and Ind AS:

1 Fair valuation of foreign currency convertible bonds:

In accordance with the recognition and measurement principles laid down in Ind AS, the Group has revised the accounting treatment in respect of FCCBs with effect from the transition date. As required by the applicable Ind AS, the Group has identified FCCBs as compound financial instruments and identified the equity component on the date of inception of the bonds. The fair value of the liability component is re-evaluated at each date of significant modification. The fair value of the liability is computed by amortised cost method by discounting the liability using the applicable effective interest rate as at the date of the last significant modification. The difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'consolidated statement of profit and loss'.

Similarly, the non-current portion of interest accrued but not due on FCCBs is carried at amortised cost by discounting the same to its fair value and the difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'consolidated statement of profit and loss'.

Under the previous GAAP, upon conversion of FCCBs III into equity shares, the interest accrued but not due pertaining to the converted FCCBs and foreign exchange gain on FCCBs conversion was credited to the consolidated statement of profit and loss as 'exceptional item'. Under Ind AS, such conversion is treated as extinguishment of liability and the gain on such extinguishment of liability of FCCBs is required to be credited to 'other equity' and not recognised through 'consolidated statement of profit and loss'. Accordingly, the excess of amortised cost of liability (ie., principle and interest accrued but not due pertaining to converted FCCBs) over share capital and securities premium on conversion of FCCBs is credited to 'Surplus/ (deficit) in the statement of profit and loss'.

Under previous GAAP, exchange gain/ loss on restatement of FCCBs was not immediately charged to the 'consolidated statement of profit and loss' and deferred over the contractual life of the FCCBs, by crediting/ debiting 'Foreign currency monetary item translation difference', under reserves and surplus. Under Ind AS gain/ loss on restatement of FCCBs is immediately recognised in the 'consolidated statement of profit and loss' in the period in which such gain/ loss occurs.

2 Fair valuation of term loan

Under the previous GAAP extinguishment of liability due to waiver of interest accrued but not due was charged to the 'consolidated statement of profit and loss'. Further, the borrowings were carried at transaction value in the books of accounts. Under Ind AS on the date of such substantial modification to the terms of borrowing, the term loan is accounted at fair value, by amortised cost method by discounting the loan to its fair value using effective interest rate. The difference between the carrying value of the borrowings and interest accrued under previous GAAP and the fair value under Ind AS as at the date of such substantial modification is credited to the 'consolidated statement of profit and loss'.

3 Deferred revenue

Under the previous GAAP, the cost related to free support services was deferred and charged to the 'consolidated statement of profit and loss' over the period of the free support services. Under Ind AS, the fair value of revenue in relation to free support services is deferred and recognised over the period of free support services. Accordingly, the adjustment of deferred revenue is debited to 'Surplus/ (deficit) in the statement of profit and loss' as at April 1, 2015 and debited to revenue for the year ended March 31, 2016. Further, the cost deferred under previous GAAP is reversed through the 'consolidated statement of profit and loss' for the year ended March 31, 2016 as a transition adjustment.

Notes to the consolidated financial statements for the year ended March 31, 2017

4 Security deposits and rent equilisation reserve

Under Ind AS interest free security deposits are carried at amortised cost by, discounting the same using interest rates applicable to the counter party. The difference between transaction cost and fair value is recognised as prepaid lease and amortised over the period of the lease on a straight-line basis. Further, interest income is recognised on the amortised cost of the security deposits over the lease period.

Under pervious GAAP operating lease expenses were recognised in the 'consolidated statement of profit and loss' on a straight line basis over the lease term. The difference between lease expense recognised in the 'consolidated statement of profit and loss' and contractual lease payments was recognised as 'rent equilisation reverse' Under Ind AS when the escalations in lease payments are linked to inflation, the operating lease expenses are recognised in the 'consolidated statement of profit and loss' as per the terms of the lease arrangement. Accordingly, rent equalisation is as at April 1, 2015 was reversed to 'surplus/ (deficit) in the statement of profit and loss' and for the year ended March 31, 2016, the same was reversed through the 'consolidated statement of profit and loss'.

5 Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the 'consolidated statement of profit and loss'. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

6 Exchange differences on translation of foreign operations

Under Ind AS the net movement in exchange differences arising on translation of foreign subsidiaries from a reporting date to the immediate next reporting date is recognised as 'OCI to be reclassified to profit or loss in subsequent periods' and forms part of the disclosure for 'Total Comprehensive Income' in the 'consolidated statement of profit and loss'.

Note 42. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 43. DETAILS OF SPECIFIED BANK NOTES (SBN):

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(₹ in Lakhs)			
Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.02	0.07	0.09
Add: Permitted receipts	-	-	-
Add: Withdrawals from bank accounts	-	1.15	1.15
Less: Permitted payments	(0.02)	(1.19)	(1.21)
Less: Amount deposited in bank accounts	-	(0.03)	(0.03)
Closing cash in hand as on December 30, 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

Note 44. COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

The Group purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

Cost of hardware, software and support charges for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹ Nil (March 31, 2016: ₹386.38 Lakhs).

Note 45

Subsequent to balance sheet date, the Company has made an allotment of 55,094,999 equity shares of the Company on a preferential basis, at an issue price of ₹14 per equity share (Face value of ₹10 per equity share) amounting to ₹7,713.30 Lakhs.

Note 46

The Group had remitted the withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹1,051.60 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Group in respect of the aforesaid interest, are recoverable from income tax department and/or are adjustable against its other withholding taxes obligations. Accordingly, in the current year the Group has revised the returns of withholding taxes and adjusted withholding taxes of ₹1,036.59 Lakhs (March 31, 2016: ₹ Nil) on salary, professional services and others by write back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under 'Other income'.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 47

The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2017 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.

Note 48

As per Section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding financial years and accordingly, is not required to spend any amount for this purpose. However, during the year ended March 31, 2017, the Company has voluntarily incurred an expense of ₹3.6 Lakhs towards CSR activities.

Note 49

The consolidated financial information of the Group for transition date i.e. opening consolidated balance sheet date being April 01, 2015 included in these consolidated financial statements, are based on the previously issued consolidated financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP as adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS, which have been audited by us.

The comparative consolidated financial information as at and for the year ended March 31, 2016 have been compiled after making necessary Ind AS adjustments to the audited consolidated financial statements prepared under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Shareholders' Information

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE 23RD ANNUAL GENERAL MEETING (AGM)

Date	July 28, 2017 (Friday)
Venue	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru, Karnataka- 560052
Time	3 PM

DATES OF BOOK CLOSURE

From July 22, 2017 to July 28, 2017 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 01, 2017 to March 31, 2018

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2017	4 th week of July 2017
For quarter ending September 30, 2017	2 nd week of November 2017
For quarter ending December 31, 2017	2 nd week of February 2018
For the year ending March 31, 2018	4 th week of May 2018

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2016-17.

LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 5, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2016-17 in accordance with the provisions of the SEBI (LODR) Regulations, 2015

The 2,43,207 Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 9, 2007.

The Company's outstanding US\$ 1,000,000 out of US\$ 180,000,000 2% Convertible Unsecured Bonds listed on the London Stock Exchange (LSE) with maturity date of March 9, 2017 was redeemed on March 6, 2017. The Company's outstanding US\$ 1,400,000 out of US\$ 98,700,000 5% Convertible Unsecured Bonds which were listed on the Singapore Exchange Securities Trading Limited (SGX) with maturity date of March 9, 2017 was redeemed on March 6, 2017.

The Company's US\$ 127.721 million 5.70% Convertible Secured Bonds (outstanding amount of US\$ 3.60 Million), issued pursuant to the restructuring of US\$ 180 million 2% Convertible Unsecured Bonds and US\$ 98.7 million 5% Convertible Unsecured Bonds, have been listed on the Singapore Exchange Securities Trading Limited since July 10, 2012.

The stock codes of the Company at the Stock Exchanges are as follows:

Name and address of the Stock Exchange	Stock code
National Stock Exchange of India Limited , Exchange Plaza, 5 th Floor, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East) Mumbai- 400051	SUBEX
BSE Limited , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	532348
London Stock Exchange , 10 Paternoster Square, London, EC4M 7LS	SUBX
Singapore Exchange Securities Trading Limited , 2 Shenton Way #19-00, SGX Centre 1, Singapore 068804	2EUB (SUBEX US\$127.721 million 5.70% bonds)

The International Securities Identification Number (ISIN) for the Company's Equity Shares in dematerialized form is INE754A01014.

CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. The said circular has been partially modified vide SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2016-17 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2016.

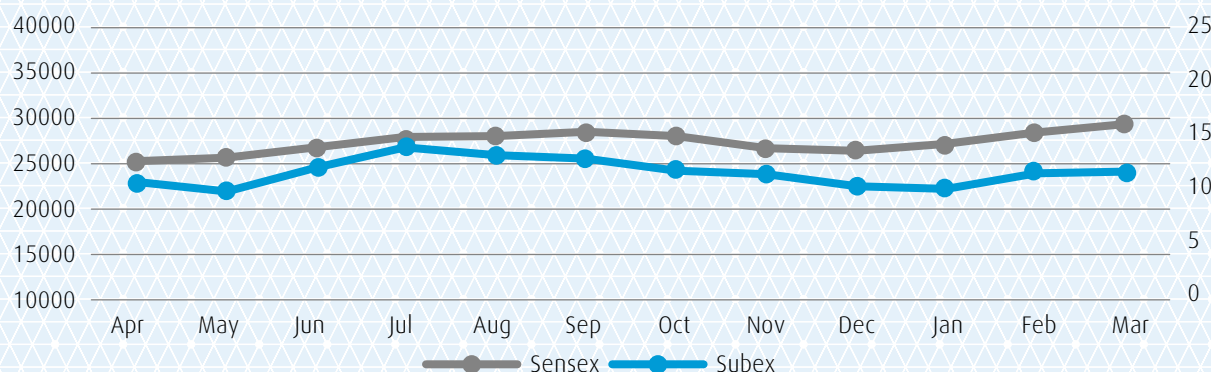
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

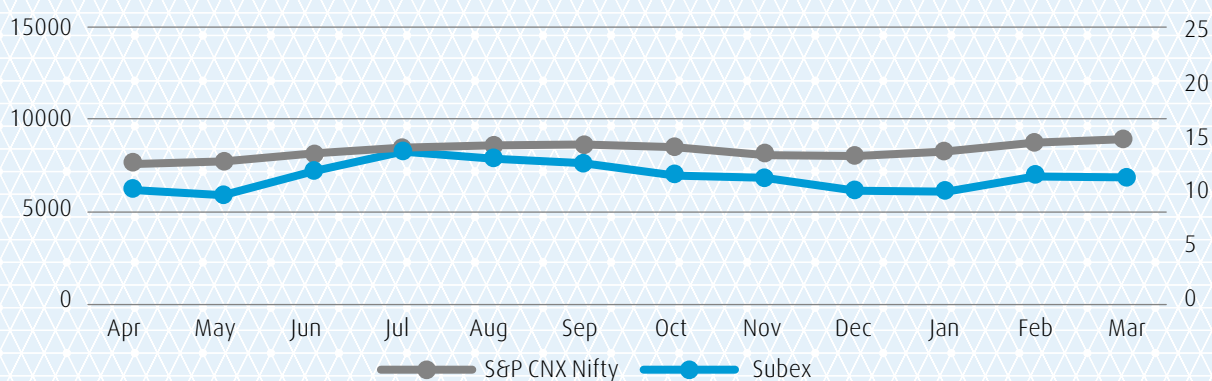
Monthly high and low quotes during each month in the financial year 2016-17 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE		BSE		Index Close Price	
	High* ₹	Low* ₹	High ₹	Low ₹	Sensex (Closing price)	Nifty (closing price)
Apr-16	9.85	9.34	9.84	9.35	25,441.47	7,786.52
May-16	9.74	9.21	9.72	9.22	25,693.69	7,871.86
Jun-16	10.34	9.76	10.33	9.78	26,717.74	8,191.20
Jul-16	13.45	12.67	13.43	12.67	27,713.41	8,505.61
Aug-16	12.52	11.83	12.52	11.85	28,006.90	8,640.42
Sep-16	12.47	11.84	12.47	11.85	28,502.55	8,783.33
Oct-16	11.69	11.27	11.69	11.26	28,001.69	8,666.75
Nov-16	10.38	9.82	10.39	9.84	26,718.09	8,250.75
Dec-16	10	9.60	9.98	9.61	26,372.93	8,114.03
Jan-17	9.93	9.56	9.91	9.57	27,165.46	8,386.2
Feb-17	11.45	10.84	11.45	10.86	28,457.40	8,813.34
Mar-17	11.21	10.76	11.21	10.76	29,269.49	9,047.06

*The monthly high and low quotes are calculated based on the average high and low prices of the month respectively.

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX





CREDIT RATING

India Ratings and Research (Ind-Ra) has rated Subex Limited's bank facilities as BBB +.

SHAREHOLDING PATTERN

(As per records of the RTA)*

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2017		As on March 31, 2016	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	56,308	52.90	57,307	53.41
5001 – 10000	17,686	16.62	17,555	16.36
10001 – 20000	11,422	10.73	11,501	10.72
20001 – 30000	4,938	4.64	5,024	4.68
30001 – 40000	2,468	2.32	2,615	2.44
40001 – 50000	3,585	3.37	3,428	3.20
50001 – 100000	4,863	4.57	4,833	4.50
100001 and above	5,164	4.85	5,030	4.70
TOTAL	1,06,434	100.00	1,07,297	100.00

Categories of Shareholders:

Category	As on March 31, 2017			As on March 31, 2016		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Other (includes GDR's and Foreign Corporate Bodies)	105,041	78.17	396,248,254	105,713	76.77	322,870,381
Companies/ Indian Bodies Corporate	1,348	20.96	106,260,982	1,536	22.76	95,994,040
Core Promoters	3	0.19	974,044	3	0.23	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/Employee shareholders	41	0.12	617,700	44	0.22	934,498
FII	1	0.56	2,806,956	1	0.02	9,75,257
TOTAL	1,06,434	100.00	506,907,936	1,07,297	100.00	421,748,220

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computer Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bangalore - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form *vide* a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI vide its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor, No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram, Bangalore - 560 003
Tel Nos. +91 80-23469661/62, 23469664/65
Fax Nos. +91 80-23469667/68
E-mail: canbankrta@csl.co.in
Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2017, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2017, the outstanding GDR's were 2,43,207.

Details of the Company's outstanding FCCB's as on March 31, 2017 is as under:

(amount in US\$ million)

Particulars	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on 8 th March, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on 2 nd November, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance 31 st March, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on 6 th July, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares during on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity upto 31 st March, 2016	-	-	(86.85)
Balance as on 31 st March, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on 6 th March, 2017	(1.00)	(1.40)	-
Balance as on 31 st March, 2017	-	-	3.60

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature

NOMINATION

Pursuant to the provisions of Section 72 of The Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH 13 (in duplicate), if not already filed. Form SH 13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The company is not doing any hedging activities, as there is a natural hedge between exports and imports.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2016 to March 31, 2017 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through E-mails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through e-mail or telephone)	Received	Cleared
Non-receipt of share certificates/ refund orders/call money notice/ allotment advice/dividend warrant/ annual report	0	0
Letters from NSDL, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	0	0
Total	0	0

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. Arjun Makhecha
Associate Company Secretary
Subex Limited, RMZ Ecoworld, Outer Ring Road,
Devarabisanahalli, Bengaluru – 560 103, India.
Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333
Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the committees, financial results, shareholding pattern, distribution of shareholding, dividend etc.

**SUBEX**

www.subex.com
info@subex.com

INDIA**Subex Limited**

(CIN: L85110KA1994PLC016663)
Regd. office: RMZ Ecoworld,
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HA1 1JU

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#08-03 Burlington Square
Singapore - 189650

Tel: +65 6338 1218

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Middle East**Subex Middle East (FZE)**

Executive Desk Q1-04-098/B,
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Sharjah Airport International
Free Zone, Sharjah, UAE

Canada**Subex Americas Inc.**

C/O BDO Canada LLP,
5494, Manotick Main Street
Box. 918, Manotick, Ontario
Canada, K4M1A8

Regional offices: Dubai | Ipswich

A large graphic featuring a target with concentric circles in shades of blue and red. A large, dark blue arrow with a dotted pattern points upwards towards the center of the target. The background consists of several concentric light gray circles.

MAKING TOMORROW **SUSTAINABLE**

SUBEX LIMITED | ANNUAL REPORT 2017-18

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The global telecommunications industry is developing dynamically; New technologies are making prevailing technologies obsolete with unprecedented speed.

In such an environment, successful organizations consistently innovate to stay ahead of the curve.

Subex has progressively differentiated its business model to emerge as a future-ready organization. The Company is leveraging its core competence in the telecom sector, gathering data from customers to create analytics-based products and solutions. The Company is also enlarging its presence in the attractive IoT security market niche.

At Subex, our efforts are mediated towards the achievement of overarching goal...

MAKING TOMORROW SUSTAINABLE





SIX THINGS YOU NEED TO KNOW ABOUT SUBEX



PEDIGREE

1

Subex is a trusted global telecom solutions provider for 75% of the world's top 50 telcos. Founded in 1992, Subex has been a part of the evolution of mobile technologies, playing the role of a consultant to global telecom carriers leading to their operational excellence and transformation.

LEADERSHIP

2

Subex is led by Mr. Vinod Kumar (MD & CEO) with a team of experienced professionals who have been around for a while and clearly understands the strengths, challenges, and opportunities of Subex. The company had 900+ employees as on 31st March 2018.

SCALE

3

Subex is headquartered in Bengaluru with global delivery centers in the US, the UK, the UAE, Singapore, and India. Subex has more than 300 installations at 200+ global telecom enterprises across 90+ countries.

PORTFOLIO

4

Subex has a diversified portfolio across segments and products, providing revenue assurance, fraud management, partner settlement, route Optimisation, capacity management, network asset management, analytics, IoT security, managed services and consulting & advisory services.

UNIQUE POSITION

5

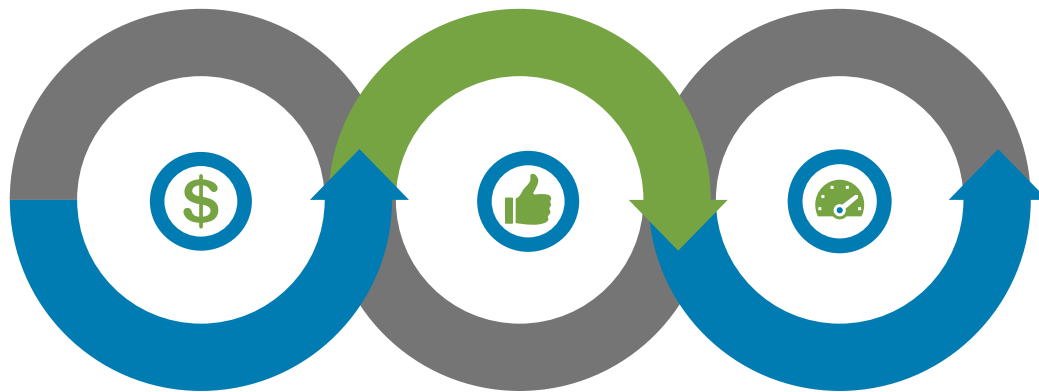
Subex provides telecom analytics services and telecom consulting and advisory services. The Company is uniquely positioned to serve as a business assurance consultant, having turned around the business viability of several telcos over the last quarter of a century.

STATE-OF-THE-ART-TECHNOLOGY

6

Subex has established a reputation for developing next-generation solutions in emerging business areas like advanced data analytics, business intelligence, business assurance and IoT.

VALUE PILLARS



Drive New Business Models

Pivot offerings around revenues, open new revenue streams in emerging business areas and allied services, leveraging the partner ecosystem.

Enhance Customer Experience

Retain existing customers and acquire new customers using analytics and leverage business insights to better understand customer behavior for deeper engagement.

Optimise Enterprise

Enable operational excellence by focusing on maximizing revenues and mitigating business risks, ensuring y-o-y cost savings that provide resources for business investments.

HIGHLIGHTS OF 2017-18

Subex was awarded a new 5-year Framework Contract with British Telecom (BT)

May
29th 2017

Subex was awarded at the 2017 Pipeline Innovation Awards under 'Innovations in Managed Services' & 'Innovations in Security & Assurance' category

June
13th 2017

ElevenPaths, Telefonica Cybersecurity Unit and Subex signed a global framework agreement to provide a disruptive FMaaS solution

May
3rd 2017

Subex announced the launch of Subex 3.0. Also unveiled its new brand identity

May
31st 2017

Subex and STC awarded the prestigious Global Telecoms Business Innovation Awards 2017 in the 'Enterprise Service Innovation' category

July
19th 2017



Quality statement

Subexians are committed to achieve total customer satisfaction by delivering high quality products that meet the needs and expectations of our customers. We are committed to adhere to quality management system requirements and continually improve them.



Listing

Subex is listed on the Bombay Stock Exchange (scrip code: 532348) and the National Stock Exchange (scrip code: Subex). The Company is also listed on the London Stock Exchange.

October 24th
2017

Subex launched Consulting and Advisory Services for Telecom Business Assurance

Pod Solutions and Subex partnered to provide advanced security for IoT Billing and Connectivity Service

February
19th 2018

February
26th 2018

Subex announced Winner at the 8th edition of Aegis Graham Bell Award in the Data Science Category

Vinod Kumar appointed as CEO of Subex Limited

April
1st 2018

PRODUCTS



ROC Revenue Assurance

- Provides a comprehensive view of any enterprise by ensuring better visibility into risks surrounding operations, revenue and margins
- Incorporates an integrated risk assessment and process management framework to address revenue leakage as well as identify and recover lost revenues from diverse streams



ROC Fraud Management

- Combines a traditional rules engine, advanced machine learning capabilities and a scalable architecture to ensure the proactive detection of fraudulent activities on the network
- Ensures that the system can be easily integrated with the ecosystem by utilizing readily deployable interfaces



ROC Network Asset Management

- Provides a framework to audit network assets, evaluate inventory and make a business case for a network upgrade
- Offers an in-depth view of network assets and inventory to Optimise OpEx as well as CapEx
- Drives smarter network capital investment and network asset lifecycle management



ROC Capacity Management

- Provides proactive, actionable business intelligence to make appropriate investments in maximizing network capacity
- Gleans insights from network capacity trends
- Correlates end-to-end capacity issues stimulates congestion points due to external events,
- Forecasts lead time for capacity exhaustion scenarios



ROC Partner Settlement

- Ensures swift partner onboarding, partner self-care, end-to-end revenue visibility and seamless communication between business partners
- Offers a 360-degree view of interconnect agreements to help manage revenues and margins across the partner ecosystem
- Enables billing platform to introduce innovative product bundling and billing mechanisms for IP-based services



ROC Route Optimisation

- Covers end-to-end processes from dial code/destination operator rate imports to switch updates
- Enhances visibility and control of critical processes



ROC Insights

- Provides actionable business insights that are consumable and contextual to enable data-enriched decision-making
- Enables democratization of insights through the generation of consumable storyboards
- Offers agility by covering all areas of focus: Revenue, Risk, Customer and Product



Subex Secure

- Offers comprehensive IoT security from real-time discovery and monitoring to response and recovery
- Leverages a one-of-its-kind honeypot network that combines physical devices and device emulations to generate IoT/ICS signatures
- Evaluates identity and device breaches and updates the Subex Secure signature repository to safeguard the enterprise from emerging IoT threats

Dear shareholders,

It is my privilege to address Subex's shareholders for the first time since taking on the role of CEO and Managing Director of the Company.

The Financial Year 2017-18 (FY18) was a dramatic one marked by a number of challenges. The telecom BSS market, where we predominantly operate, reported flat growth and several countries in emerging markets encountered geopolitical and forex challenges. Even though our revenues were negatively impacted, we completed the year with an increase in contracted order bookings and improved operational profitability.

Our contracted new order booking increased by 15% over the previous year and we ended FY18 with revenues of \$50.5 Million, EBITDA of \$7.9 Million and PAT of \$3.2 Million. Creditably, we repaid our entire outstanding FCCB debt and reduced our working capital debt, which resulted in significant interest cost savings.

We also made significant progress to our products and solutions portfolio. To appreciate this, it is important to understand some key trends of our industry.

Voice revenues are declining: As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry, are giving way to internet messaging and VoIP (Voice Over Internet Protocol). This substantial reduction in voice and texting, along with a reduction in tariff have resulted in a decline of ARPU (Average Revenue Per User) and aggregate revenues for telcos.

15%

Increase in our contracted order booking over the previous year

As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry is giving way to internet messaging and VoIP (Voice Over Internet Protocol).

Massive telco consolidation: In the recent past, the communications industry has been marked by several mergers and acquisitions. Commoditization of legacy services and telcos' desire to monetize their data are driving telco consolidation. By consolidating, they intend to leverage synergies and operational efficiencies. We witnessed this in India when Vodafone India and Idea Cellular announced their merger.

5G moves from trial to production phase: Several operators are planning for a limited 5G launch in the near future. 5G technology is expected to bring about new digitized services in retail, manufacturing, precision engineering and health verticals.

Unlocking the IoT (Internet of Things): According to GSMA Intelligence, the number of global IoT connections could increase more than threefold and reach \$25 Billion by 2025. The IoT security space promises tremendous growth and Gartner predicts the IoT security market could grow multi-fold to reach \$3 Billion by 2021.

Artificial intelligence: Artificial Intelligence (AI) and Machine Learning (ML) is moulding the future and poised to unleash the next wave of digital disruption. Along with the adoption of technologies like virtualization, SDN-NFV, and orchestration, Artificial Intelligence will be key to business and digital transformation in telcos, driving an improved customer experience.

Increasing appetite for open standards: Major telcos have started experimenting with open source software and this trend is gaining traction as operators mimic the computing world and deepen their innovation focus. Further, Blockchain technology is reducing complexities

in multi-party transactions, thereby moderating costs and enhancing digital competitiveness.

It is clear that telcos are transforming from being Communication Service Providers (CSP) to Digital Service Providers (DSP). In line with this, we took some significant steps last year to make Subex more relevant to our customers.

- We rebranded Subex as a digital transformation enabler around three value pillars: driving new business models, enhancing the customer experience and optimising operations.
- We incubated a multi-vertical IoT security solution that differentiates itself by having 30% more threat signatures than any other player.
- We improved the application of Artificial Intelligence (AI) and Machine Learning (ML) capabilities in our products to solve use cases hitherto unsolved in the industry.
- We engaged with a Tier 1 telco on Network Analytics and proactively evolved our solution capabilities to graduate us ahead of the curve.
- We concluded the restructuring of entities to attract strategic partners and talents into our relevant business areas.

It is abundantly clear that we need to break out from our current revenue level. Towards this, we plan to build on the strong foundation laid last year and aggressively pursue a growth strategy. The growth strategy will cover our core, new and emerging growth areas. We intend to perform well in our core areas and drive efficiencies that will help us invest in new growth areas. The near-term growth is expected from IoT Security and Network Analytics. We also plan to work on one or two new areas

with the intention of bringing a new product to the market by the end of this year. During the course of this year, we expect to maintain our revenues from core areas, conclude ongoing trials around new areas and sign strategic partnerships. Considering that SaaS-based revenue models are prevalent in new areas, we expect revenues from new areas to kick in from the next year.

The current management team consists of Subexians who have been around for a while. They clearly understand our strengths, challenges and opportunities. We plan to add new talents and capabilities to our teams as and when new areas of growth are identified. The team is well aligned and confident to drive our strategy, leading the Company out of the past into a bright future that makes Subex vibrant again.

We are mindful of the fact that our FCCB resolution resulted in a significant equity dilution and pain to our investors. We are indeed thankful to our investors for their continued trust and patience. As elaborated above, we are committed to growing Subex and are optimistic that this strategy will enhance value and benefit our shareholders.

We look forward to your support during this crucial phase of our journey.

Vinod Kumar

Managing Director and CEO

A CONVERSATION WITH VINOD KUMAR



Revenue growth and a vibrant Subex will be our immediate focus areas. These two aspects feed on each other and one cannot exist without the other.

 Vinod Kumar
MD & CEO

What are the emerging trends in the telecom space?

The telecommunication sector is going through enormous changes. With the global adoption of data and smartphones, legacy communication services like voice and texting that contributed to the bulk of telcos revenues are rapidly declining and over-the-top services like WhatsApp, Facebook and Twitter are rapidly growing. This is forcing telcos to look at new avenues of revenue growth, partnerships with OTT players and take extreme steps to reduce the cost of legacy operations.

On the network technology front, most of the telcos have completely migrated their network to 4G and LTE or are in the process of doing so. Some major ones have also started trialling 5G services. 5G will provide a 10-fold increase in speed of data transfer and should act as a catalyst for high bandwidth and low latency services like telemedicine and robotics.

Deployment of technologies like NFC, Virtualization and Artificial Intelligence, along with open source adoption, would be a major disruption in the telecom industry. These are being done to reduce time-to-market, decrease cost, enhance the customer experience and improve competitiveness. These primary disruptions could also result in a secondary disruption around the skills needed in the telecom industry and the workforce will also need to go through a transformation.

The widespread adoption of IoT by various industries is expected to increase the connectivity

requirement; the telcos will slowly start seeing an increase in revenue from their IoT business.

As a partner providing software solutions to this industry, this is an interesting time with an urgent need to change with the shift that we are witnessing in the industry.

How is Subex placed to capitalize?

Currently, we serve over 150 operators in 90 countries with Subex solutions deeply embedded within their network. It is fair to say that a significant portion of the global telecom traffic flows through our platforms. This global presence and access to data are one of our major strengths.

We have constantly kept pace with emerging technologies and emerging needs of the market by proactively co-creating solutions with customers. We migrated our portfolio to support big data Hadoop stack and also embedded Artificial Intelligence and Machine Learning into our products. Further, we also invested in services capabilities to assist customers whenever required to extract the maximum value from our solutions. With all these, we possess a very good base to build on.

As we double down investments towards growing, we intend to make customers central to whatever we do. Rapid technology adoption by operators will create a new requirement in our core areas that we need to fulfill. We also identified some use cases like monetizing telecom data, digital identity and anomaly detection that offer



significant benefits to our customers. We started working with a select few to prove these concepts. These are exciting areas and we hope to make a major impact.

Another area that I want to highlight is our multi-vertical IoT Security solution that we launched recently. Leveraging our strengths in the fraud and risk domain, we have created a robust solution that currently has 30% more threat signatures than any other player in the market.

What makes you optimistic about the role of IoT?

Internet of Things (IoT) is beginning to transform businesses, economies and society. While people build smart cities and businesses, it is also important that they remain safe cities and safe businesses. There is a growing acceptance of this need and IoT security is emerging as a key component in the overall IoT infrastructure. The global IoT security market is slated to witness tremendous growth and expected to reach about \$1.5 Billion in 2018.

Seeing this need we worked for the last two years to create a multi-vertical IoT security solution called Subex Secure. We have an extensive honeypot network that enables us to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations. Subex Secure already protects over 8 Million IoT devices. The IoT Security Laboratory and various partnerships that we have signed will help us to secure a portion of the expected multi-fold increase in the IoT Security market.



We recently announced a collaboration with a large automobile Original Equipment Manufacturer (OEM) to provide cutting-edge security solutions to secure Connected Car Domains where Subex will provide vulnerability assessment, penetration testing and security modules incorporated in the OEM's new products. The connected car segment is extremely buoyant and likely to disrupt the automobile industry.

Our mission is to secure the digital world and here we are making good progress.

Were you pleased with the Company's performance in FY 2018?

FY18 was a an interesting year. With a bulk of the financial and Balance

Sheet clean-up completed, we were able to start working towards growing the Company. Within the means available, we invested in our portfolio to make it relevant to the times and also launched the IoT security product.

From a financial standpoint, we managed things reasonably well. Amidst a flat market marked by geopolitical and forex issues, we increased our contracted new order booking by 15% over FY17. We ended FY 18 with a revenue of \$50.5 Million, EBITDA for \$7.9 Million and PAT of \$3.2 Million. From the breakup of revenues, you will notice that the annuity stream that accounts for over 70% of the total revenue stabilized and, going forward, we expect it to continue the same trend. This was the result of a conscious effort to move

towards managed services to mitigate the challenges of lumpiness of license sales and to bring predictability into revenue and margins. The license revenue will have variations based on the structure and when the contract bookings are done. In Q4 of FY17, we converted \$3 Million revenue from the contracts booked in that quarter, whereas in Q4 of FY18 it was only \$600K, even though the total contract bookings were higher. Even though on a year-to-year basis, the revenue showed a decrease, from an overall competitive and market share increase perspective, we did better.

What was the rationale behind the Subex restructuring?

As we expand into new areas outside our core products of revenue management, it is necessary to attract strategic partners and talents to grow

these areas. However, the business models, valuations and many other aspects of these businesses are different. Hence it was difficult for us to get attention from the right partners. Hence a new structure with different LLPs were created and we hope this will address the issue.

What are the key focus areas for Subex?

Revenue growth and a vibrant Subex will be our immediate focus areas. These two aspects feed on each other and one cannot exist without the other. We have been stuck at the \$50M level for a while and it is critical for us to break out and accelerate. Only then we would be able to report growth and prosperity, for all stakeholders. I intend to relentlessly drive the company's focus on these two aspects and pursue it with the required vigor to make them happen.

How does Subex intend to grow?

We foresee the growth of Subex from three horizons. Horizon 1 will focus on the short-term. The objective here is to perform better in our core business, which consists of fraud management, revenue assurance and interconnect billing solutions for the telecom segment. The advancements that we have made in these areas will allow us to compete better and attract a higher market share. We will continue to evolve our products and improve efficiency.

Horizon 2 will provide the near-term growth for the Company. We intend to execute well on our new portfolio, namely multi-vertical IoT security and the Network Asset Management (NAM) solution. Last year, we secured our first customer for NAM, a Tier

1 telco belonging to major telecom operator group and the project is near completion. The progress in terms of results has been encouraging, which we intend to promote aggressively. This should provide us with more mileage to showcase our NAM portfolio to other Tier 1 telcos, and we expect them to adopt this new way of handling assets.

In the area of IoT security, the market is expected to grow multifold and we are positioned to secure a part of this market expansion. We hope to sign more strategic partnership contracts, one similar to what we announced with Pod Systems during the course of this year.

Horizon 3 consists of our long-term growth initiatives. We plan to launch our new portfolio of products and services around new high growth areas such as Customer Journey Analytics, Digital Identity, Anomaly Detection etc. We plan to launch one product during the latter part of this year and incubate a few more ideas for market release next year. We have access to a significant portion of the global telecom traffic and the attempt is to see how we can leverage this access, timing with the planned opening/ set up of digital infrastructure like the 'IndiaStack'. We are also planning to expand our assurance offerings to markets outside the telecom vertical.

On the overall, we plan to invest actively in our mid-term and long-term growth areas starting this year.

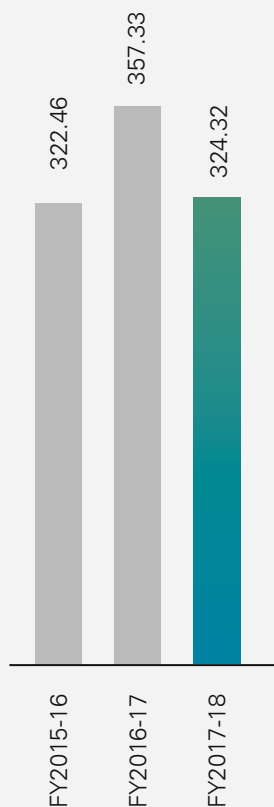
On IoT security, the market is expected to grow multifold and we are well positioned to secure a part of this market expansion. We hope to sign more strategic partnership contracts, one similar to what we announced with Pod Systems, during the course of this year.



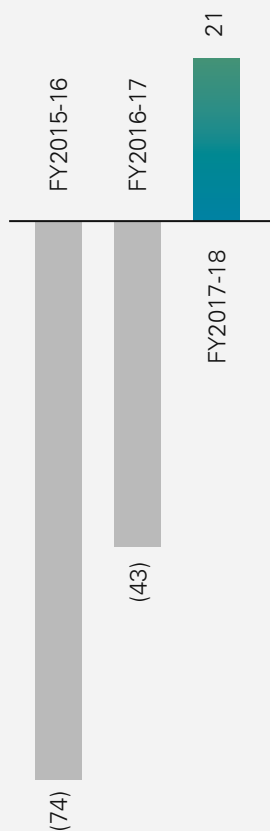
OUR PERFORMANCE IN NUMBERS



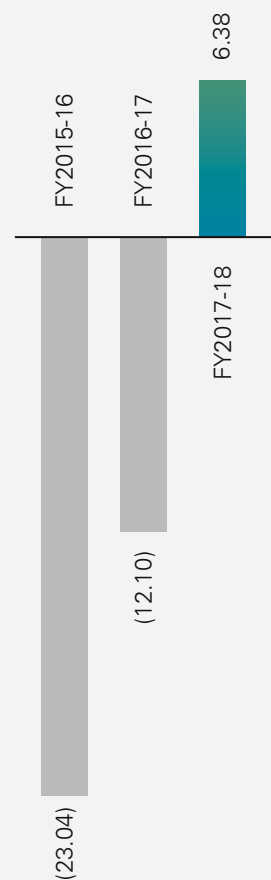
Revenues (₹ crore)



PAT (₹ crore)



PAT (%)



A CONVERSATION WITH ROHIT MAHESHWARI



The two key strengths of Subex comprise access to large amounts of data and an in-depth understanding of the telco business.



Rohit Maheshwari
Head of Strategy and Products

> 15 Billion

We have worked with some of the largest telcos, who generate > 15 Billion transactions per day.

Subex is agile, flexible and open-minded compatible with rapid changes across the landscape. Subex expects to continue empowering customers in responding with speed to technological shifts across the foreseeable future.

There has been a paradigm shift in the global telco business in the last few years.

From mere utility providers of voice and data services, our customers have transformed into digital service providers offering the complete spectrum of communication and digital services.

While digital services hold significant prospects, digital service providers are encountering stiff competition from OTT players. The verdict is clear: players can either invest in innovation or become irrelevant.

The result is that a larger number of CSPs are making bigger investments in network augmentation, especially in rolling out 5G. This has resulted in a pressure on BSS funding, a key area where Subex operates.

However, our experience indicates that following the launch of any new technology or allied infrastructure creation, there could be a need to re-invest in business support systems comprising revenue assurance, fraud management and partner settlements, among others. In view of this, we are confident that our legacy business will rebound even as they were relatively flat during the year under review.

Building a sustainable future

At Subex, we divide prospects across the near-term, mid-term and long-term – the ‘three horizon outlook’.

The most proximate horizon comprises fraud management, revenue assurance and interconnect billing solutions in the telecom segment. We are geared to perform

well in this area following investments in skill building, big data platform creation and AI cum machine learning investments. We expect to sustain product evolution and solutions efficiency enhancement to address customer requirements and stabilize related revenues.

Our second horizon comprises new areas we nurtured in the last few years. We expended significant resources in shoring capabilities across IoT security, network analytics and telecom asset lifecycle management (ALM) solutions. We expect to sustain business through the short-term and accelerate during the mid-term.

I am pleased to communicate that in FY18, we secured our first ALM customer, a Tier I telco from a major telecom operator group and this project is expected to be completed by end 2018. The initial results are encouraging and we expect the execution to be successful, helping attract other Tier 1 telcos.

In the area of IoT security solutions, the market is expected to grow 15-fold to US\$1.5 Billion (Source: Gartner) by 2020. Subex is attractively positioned to secure a part of this market growth. We intend to sign strategic partnership contracts, one being similar to what we announced with Pod Systems during the course of the year under review.

The predominant revenue model for IoT security solutions would be subscription-based - different from the conventional model. In any subscription model, revenue accretion will be slow during the initial

period but could ramp up with speed following increases IoT adoption. We expect new portfolios to account for an attractive part of the newly contracted business with significant revenues likely from FY20 onwards.

The third or the long-term horizon comprises high-growth business areas. Subex's engagement with telcos provides access to large amounts of data. The Company will examine ways in which it can monetize this access in line with growing digitalization the world over.

Subex is respected in the end-to-end business assurance telco segment. Since adjacent markets, where assurance is equally relevant, are not as evolved, we intend to repurpose our assurance skills for these markets outside the telecom segment. Our proven expertise will provide us the with the fuel we need to pursue mid-term and long-term goals.

The Subex edge

The two key strengths of Subex comprise access to large amounts of data and an in-depth understanding of the telco business.

We have worked with some of the largest telcos, who generate > 15 Billion transactions per day. These transactions represent data repositories that can be mined to generate useful information. We invested in best-in-class platforms to leverage big data; we scaled the business to stay ahead.

Subex is agile, flexible and open-minded compatible with rapid changes across the landscape. Subex expects to continue empowering

customers in responding with speed to technological shifts across the foreseeable future.

A transforming Subex

To sustain our growth engine, we will need to keep innovating while venturing into new areas. In view of this, we started focusing on strengthening our skills, which could help us transform our revenue profiles and enter the ever-expanding IoT segment.

At the 2018 Mobile World Congress in Barcelona where I was present, there was a broad consensus that 2018 would be a defining year for IoT. We expect that our head start should translate into a growing presence in this niche. Artificial Intelligence (AI) has emerged as the next big thing; many great ideas in AI that had been languishing in textbooks for decades, because of a lack of computational power to apply them, have gained fruition, thanks to two big changes. One, the rate at which data is being collated has increased exponentially. Two, the arrival of groundbreaking technologies, such as neural nets, have allowed AI to 'evolve' to solve complex problems.

AI analytics will help us transform our existing businesses and allow us to offer new-age solutions that are customer-centric and in heavy demand. In view of these reasons and realities, we are confident of replicating our retrospective growth across a more compressed period of time.

Message from Head of IoT Security

A CONVERSATION WITH KIRAN ZACHARIAH



By 2020, IoT is expected to aggregate 20 to 50 Billion devices, growing exponentially from ~6.4 Billion devices in 2016.



Kiran Zachariah
Head of IoT Security

US\$1.5 Billion

In the area of IoT security solutions, the market is expected to grow 15-fold to US\$1.5 Billion (source: Gartner) by 2020.

The new global connectivity wave is extending beyond laptops and smartphones. This wave is extending towards connected cars, smart homes, connected wearables, Smart Cities and connected healthcare - a connected life.

Over the past few years, there has been extensive discussion around the IoT impact across the world. Although little has transpired in reality, the prospects remain compelling. During the year under

review, we spent the first three quarters planning and designing IoT projects; during the last quarter, we implemented them. Most of these projects comprised cost Optimisation while other projects focused on equipment downtime reduction and minimized manual interventions in the areas of monitoring and predictive maintenance.

Over the next couple of years, we plan to focus on industrial IoT and automated cars - two rapidly growing segments. The automotive IoT market

is projected to reach US\$ 82.79 Billion by 2022. By 2020, an estimated 250 Million connected vehicles would be on roads, enhancing security and hacking concerns.

The development of Smart Cities and Smart Nations are at a pilot stage and we are adapting our business model around changes in the IoT realm.

Building a sustainable future

At Subex, we selected to develop inch-wide and mile-deep competence. Our selection of the IoT security area was on the grounds that it was niche and relatively under-populated by specialized players. Besides, IoT security is different from the security solutions that runs on conventional IT hardware. A normal security solution is difficult to run on the connected devices that are part of the IoT ecosystem.

The large cyber-attacks on IoT devices have vindicated our presence in this space. We are now monitoring over 8 Million devices worldwide. What makes Subex different is its focus on building threat intelligence through IoT and ICS and using that

threat intelligence to mitigate risks. Although IoT attacks can target individual components, when they are connected to the entire IT network, they can affect the entire infrastructure.

Subex offers solutions for the entire IoT ecosystem. We use signatures from honeypots and machine learning to determine if the device has been compromised. The result: our threat responsiveness is 25-35% more effective than competing alternatives.

The Subex edge is derived from its first-mover advantage. The Company has focused singularly on the telecom sector and now the time has come to venture into areas like Defense and education.

Subex is transforming with speed

By 2020, IoT is expected to aggregate 20 to 50 Billion devices, growing exponentially from ~6.4 Billion devices in 2016.

IoT providers will need to address the increasing stress on their existing infrastructure and factor this growth while designing ecosystems. Subex Secure is built around a framework that monitors 500 Million devices and 6 Billion transactions a day on commodity hardware via 300 global installations. This telco-grade solution has been developed using telecom innovations from across the last two decades. The framework, deployed at some of the largest telcos, is

constantly modified to address escalating network traffic while reducing the total cost of ownership.

Looking ahead, we would like to triple the number of devices we monitor across four years as we carve out a large slice of the segment. We are continuing to lay a keen emphasis on catering to telco customers who are a part of the IoT; we are planning to launch Cloud or SaaS-based models.

It is the convergence of these realities that makes me optimistic of the Company's long-term prospects.



Subex Secure is built around a framework that monitors 500 Million devices and 6 Billion transactions a day on commodity hardware via 300 global installations.

MAKING TOMORROW SUSTAINABLE



Making our presence felt in the niche IoT security space

IoT provides always-connected services to digital subscribers.

IoT ecosystems are complex; a typical deployment comprises multiple systems (platforms, databases, mobile apps, load balancers, web interfaces and certificate servers, among others).

Since IoT exposes subscribers to identity theft and security breach, an effective IoT security solution can potentially secure components while comprehending traffic flows across OSI layers (three to seven).

Subex provides holistic cyber security solutions that protect enterprises, among the first few companies to provide solutions against unauthorized intrusion.

The market is large and growing. The number of global IoT devices could quintuple between 2016 and 2020. The market could grow to US\$ 29.02 Billion by 2020.

Subex Secure offers comprehensive IoT security coverage from real-time discovery and monitoring to response and recovery. This solution leverages a one-of-its-kind honeypot network that combines physical devices and device emulations to generate IoT/ICS signatures. The system evaluates global identity and device breaches, updating the Subex Secure signature repository to safeguard enterprises from emerging IoT threats.

Subex has an extensive honeypot network that enables the Company to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations.

By transforming the existing assurance business

As digital technologies disrupt traditional internet service providers and telcos, revenues are shrinking for legacy carriers.

IP-based disruptors are eroding traditionally profitable revenue streams (overseas calls), affecting telco growth.

The adoption of new technologies entails revenue-related risks. For instance, in the billing domain, diverse data plans enable subscribers to indulge in an all-you-can-eat buffet of gigabytes for a flat rate, while other subscribers can cherry-pick plans that suit their needs.

The art of revenue management has been made complex by the addition of virtualized networks, streaming services, onboarding of new subscribers, renewal of subscriptions and termination of subscriptions.

Although telcos provisionally moderately their budgets to prepare for 5G, this could re-emerge as a focus area.

Subex is globally respected for its strong solutions suite that provides real-time assurance to CSPs. The Company is poised to capitalize on the next wave of sectoral investments; its ability to mine data, garner actionable information and create customized solutions are expected to help Subex emerge as the port-of-first-call for global telcos on the one hand and widen revenue streams on the other.

Subex making its future sustainable through continuously strengthening its existing businesses and also through venturing into the high-growth IoT security space through offering cutting-edge solutions.

SUBEX - BECOMING FUTURE-READY...



Reputed

Over the past 25 years, Subex has made 300+ global installations; its clients comprise >75% of the top-50 global CSPs, reinforcing its position as one of the most respected names in the telecommunication and IoT spaces.



Integrated

Subex processes several petabytes of data every day. This data is mined through advanced analytical tools that salvage actionable information and offer customized solutions.



Balanced

Subex enjoys an adjusted mix of revenue streams (license-based and subscription-based, among others).



Focused

Subex helps clients address sectoral challenges, open up new revenue streams, enable operational excellence and enhance their customer experience.



Differentiated

Subex has selected to work in niche and relatively under-crowded segments; the foray into the IoT security segment is a manifestation of this approach.



People-oriented

Subex is driven by 900+ people working globally to drive innovation and product development.



Foresight

Subex has an extensive honeypot network that enables the Company to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations.



Futuristic

Subex is leveraging new-age technologies like Artificial Intelligence (AI) and Machine Learning (ML) to stay relevant in the evolving industry space.

SUBEX - MAKING A DIFFERENCE TOGETHER



The Subex Charitable Trust is a non-profit trust that mobilizes employee participation in community projects. SCT supports causes of community welfare, specifically for the economically backward and specially-abled individuals. The Trust supports initiatives based on requests received from diverse sources.

ACTIVITIES UNDERTAKEN DURING 2017-18

- Education aid: The Subex Charitable Trust sponsored 40 economically-challenged students from rural areas with scholarships through the Nurture Merit program.
- Education aid: The Company sponsored tuition fees for the Vidyaranya Trust Orphanage.
- Vocation Training for Women empowerment: SCT tied up with the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls,

Sponsoring their tuition fees. As part of this program, 25 blind and disabled girls were provided training in 3 phases – Basic Education, Vocational Training & Employment follow-up. Out of the 25, 22 blind/disabled Girls were successful in attaining jobs in different factories – textile industry, packaging industry, printing and others.

- Received Nurture Merit contribution from 33 Subexians and more than 20 Subexians are contributing a monthly amount from their salary for SCT activities.
- Other activities:
 - Organized blood and stem cell donation camp with TTK Bank.
 - Visited Bellandur Government School and Government School, Kadubisanahalli for checking their requirements.
 - Provided 10 desktop computers to

Government Higher Secondary School for education purposes. Provided a water cooler for providing clean drinking water to the students.

- Donated clothes and toys for economically challenged children through Goonj with the help of Subexian volunteers.
- Vidyaranya Trust Orphanage - SCT volunteers spent time with children and donated back packs and water sippers to children.
- Opportunity School for mentally challenged: SCT volunteers visited and spent time with mentally challenged children and donated back packs and water sippers.
- Donated cots and mattresses to Shishu Mandir, a home for destitute children.

BOARD OF DIRECTORS



Mr. Anil Singhvi

Chairman and Independent Director



Mr. Vinod Kumar

Managing Director and Chief Executive Officer



Ms. Poornima Prabhu

Independent Director



Ms. Nisha Dutt

Independent Director

LEADERSHIP TEAM



Mr. Vinod Kumar

Managing Director and Chief Executive Officer



Mr. Rohit Maheshwari

Head of Strategy & Products



Mr. Suraj Balachandran

Head of Sales – EMEA & APAC



Mr. Mark Bourgoïn

Vice President Sales - North America



Mr. Kiran Zachariah

Head of IoT Security



Ms. Mehernaz Dalal

Chief Financial Officer



Mr. Mohan Sitharam

Chief Human Resources Officer



Mr. David Halvorson

General Counsel

Boards' Report

Your Directors have pleasure in presenting the 24th Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2018.

1. FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Consolidated		Standalone*	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	32,432	35,733	17,993	32,441
Share of profit/(loss) net	-	-	37	-
Other Income	140	1,154	66	1,253
Finance Cost	775	2,040	547	1,505
Profit/ (loss) before exceptional items and tax expense	2,275	7,528	(200)	4,162
Exceptional Items	1,166	(10,890)	389	(4,591)
Profit/ (loss) before tax	3,441	(3,362)	189	(429)
Tax expenses	1,373	961	157	254
Profit/ (loss) after tax	2,068	(4,323)	32	(683)
Other comprehensive income	(240)	(1,376)	(8)	(33)
i. to be reclassified to profit or loss in subsequent periods	(210)	(1,344)	-	-
ii. not to be reclassified to profit or loss in subsequent periods	(30)	(32)	(8)	(33)
Total comprehensive income for the year	1,828	(5,699)	24	(716)

*Pursuant to the restructuring, the current year's standalone figures are not comparable to the previous year's standalone figures. (Also refer note 31 of the standalone financial statements).

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2018, the total revenue on a standalone basis was ₹17,993 Lakhs as against the revenue for the previous year which was ₹32,441 Lakhs. The Company has during the year under review earned a profit of ₹32 Lakhs as against a loss of ₹683 Lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹32,432 Lakhs as against ₹35,733 Lakhs during the previous year. The profit for the financial year 2017-18 is ₹2,068 Lakhs as against loss of ₹4,323 Lakhs in the previous year.

3. DIVIDEND

The Directors have not proposed any dividend for the financial year 2017-18.

4. TRANSFER TO RESERVES

There is no transfer to general reserves during the year 2017-18.

Pursuant to restructuring, the difference between net assets transferred and the capital contribution of ₹2,776 Lakhs has been transferred to Capital reserve. Also refer note 31 of the standalone financial statements.

5. SHARE CAPITAL

As at March 31, 2018 and as at the date of this report, the authorised, issued, subscribed and paid- up capital of the Company is as below:
(Amount in ₹)

Share Capital	As on April 01, 2017	Increase during the year	As on March 31, 2018
Authorised			
At the beginning of the year-			
Equity Shares @ ₹10 each	5,450,400,000	430,000,000	5,880,400,000
Preference Shares @ ₹98 each	19,600,000	Nil	19,600,000
Issued			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990#	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil
Subscribed			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil
Fully Paid- up			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil

On May 15, 2017, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹14 per equity share (Face value of ₹10 per equity share). (The proceeds of the equity shares issued on preferential basis, has been utilized for the acquisition of Intellectual Property Rights viz. DIM from Subex Americas Inc. and to strengthen the long term capital structure of the Company.)

Sl. No.	Investors	No. of shares
i.	QVT Singapore Fund Pte. Ltd	27,531,428
ii.	Tonbridge (Mauritius) Limited	17,916,321
iii.	Leeds (Mauritius) Limited	9,647,250
	Total	55,094,999

6. BUSINESS

Subex is a leading telecom analytics solutions provider, enabling a digital future for global telcos. Founded in 1994, Subex has spent over two decades in enabling 3/4th of the largest 50 Communication Service Providers (CSPs) globally achieve competitive advantage. By leveraging data which is gathered across networks, customers and systems coupled with its domain knowledge and the capabilities of its core solutions, Subex helps CSPs to drive new business models, enhance customer experience and optimise enterprises. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Asset Assurance and Partner Management “**Revenue Management Services/RMS business**” and complements them through its newer solutions such as IoT Security “**Digital Business**”. Subex also offers scalable Managed Services and Business Consulting services. It has more than 300 installations across 90+ countries.

Subex has received numerous awards jointly with its customers. The recent awards include:

- Aegis Graham Bell Award 2017 for Innovation in ROC Insights under “Data Science” Category
- Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company
- Pipeline Innovation Awards under “Managed Services” category & “Innovations in Security & Assurance”

As part of the business restructuring efforts of the Company, the Company invested in two Limited Liability Partnership (LLP) entities. Pursuant to this, two LLPs- Subex Digital LLP and Subex Assurance LLP were incorporated on April 05, 2017. Pursuant to: (i) the in-principle approval accorded by the Board of Directors of the Company (“Board”) at its meeting No. 2/2017-18 held on May 25, 2017; (ii) the final approval accorded by the Board at its meeting No. 5/ 2017-18 held on August 21, 2017; and (iii) the approval accorded by the members of the Company vide postal ballot on September 23, 2017;

- (i) The Revenue Maximization Solutions and related businesses carried out by the Company, was contributed to its subsidiary, Subex Assurance LLP for a consideration of ₹615,64,56,051/- (Rupees Six Hundred Fifteen Crores, Sixty Four Lakhs, Fifty Six thousand and Fifty one only), in the form of credit to the Company's capital account with Subex Assurance LLP
- (ii) The Subex Secure and Analytics solutions and related businesses carried out by the Company, was contributed to its subsidiary, Subex Digital LLP for a consideration of ₹18,68,84,750/- (Rupees Eighteen Crores, Sixty Eight Lakhs, Eighty Four Thousand, Seven Hundred and Fifty only), in the form of credit to the Company's capital account with Subex Digital LLP.

The purpose of the Restructuring was to achieve the following commercial reasons, *inter alia*:

- (i) Segregate the Company's business into separate verticals, facilitating greater focus on each business vertical and higher operational efficiencies;
- (ii) enhance the ability of the Company to enter into business specific partnerships and to attract strategic investors at respective business levels;
- (iii) improve organizational capabilities, arising from the segregation of human capital and focus the diverse skills, talent and experience in specialized fields to compete successfully in an increasingly competitive industry;
- (iv) de-risk various business verticals from each other; and
- (v) enhance value for the shareholders of the Company.

The Board at its meeting held on October 04, 2017, approved November 01, 2017 as the effective date for the restructuring of the business of the Company.

SEZ I and II

The Company transferred SEZ units I & II to its subsidiary, Subex Assurance LLP, with effect from November 01, 2017 i.e. the effective date of the business Restructuring.

SEZ III

During the year the Company completed all its statutory formalities / compliances under SEZ Act/Rules in respect of this new unit and commenced operations from this unit.

Further details on the business of the Company is provided in the Management Discussion and Analysis section of the Annual Report.

7. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2018, Subex Assurance LLP earned a net income of ₹12,818 Lakhs and a net profit of ₹635 Lakhs.

As at March 31, 2018, Subex Limited held more than 99.99 % of the capital in Subex Assurance LLP and the balance is held by Subex Digital LLP.

Pursuant to the business restructuring of the Company, Subex (UK) Limited became a wholly owned subsidiary of Subex Assurance LLP with effect from November 01, 2017.

- For the year ended March 31, 2018, the Standalone income of Subex (UK) Limited was ₹16,398 Lakhs as against ₹17,619 Lakhs last year, and the net loss was ₹5,308 Lakhs as against a net gain of ₹1,859 Lakhs last year.
- Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2018, the Standalone income of Subex (Asia Pacific) Pte. Limited was ₹2,992 Lakhs as against ₹2,555 Lakhs last year, and the net loss was ₹655 Lakhs as against a net gain of ₹892 Lakhs last year. During the year Subex (Asia Pacific) Pte. Ltd issued 8 million shares at SG\$1 per share to its holding Company Subex (UK) Limited to meet its fund requirements.
- Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2018, the Standalone income of Subex Inc. was ₹9,353 Lakhs as against ₹10,694 Lakhs last year, and the net gain was ₹86 Lakhs as against a net gain of ₹117 Lakhs last year.
- Pursuant to the business restructuring of the Company, Subex Middle East (FZE) became a wholly owned subsidiary of Subex Assurance LLP with effect from November 01, 2017. For the year ended March 31, 2018, the standalone income of Subex Middle East (FZE) is ₹1,132 Lakhs as against ₹1,706 Lakhs last year and loss of ₹14 Lakhs as against a gain of ₹35 lakhs last year.

SUBEX DIGITAL LLP

For the year ended March 31, 2018, Subex Digital LLP earned a net income of ₹33 Lakhs and incurred a net loss of ₹598 Lakhs.

As at March 31, 2018 Subex Limited held more than 99.99 % of the capital in Subex Digital LLP and the balance is held by Subex Assurance LLP.

SUBEX TECHNOLOGIES LIMITED

Subex Technologies Limited is a wholly owned subsidiary of Subex Limited. For the year ended March 31, 2018, Subex Technologies Limited incurred a net loss of ₹4 Lakhs as against a net profit of ₹54 Lakhs last year. There are no business operations at present.

SUBEX AMERICAS INC.

For the year ended March 31, 2018, the standalone income of Subex Americas Inc. was ₹851 Lakhs as against ₹3,186 Lakhs last year, and net profit was ₹6,264 Lakhs as against a profit of ₹3,012 Lakhs last year.

Subex Azure Holding Inc. is a wholly owned subsidiary of Subex Americas Inc. There were no transactions during the year under review.

As on March 31, 2018, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc. and Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.

8. FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB's)

The details of the FCCB's of the Company are summarized below :

Particulars	(amount in US\$ million)		
	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on March 08, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on November 02, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance March 31, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on July 06, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity up to March 31, 2016	-	-	(86.85)
Balance as on March 31, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on March 06, 2017	(1.00)	(1.40)	-
Balance as on March 31, 2017	-	-	3.60
Redemption on July 07, 2017	-	-	(3.60)
Balance as on March 31, 2018	Nil	Nil	Nil

As on March 31, 2018, the Company did not have any outstanding FCCB's.

9. DEPOSITS

Your Company has not accepted any deposits from the public.

10. EMPLOYEE STOCK OPTION SCHEMES

Details of the Company's Employee Stock Option Plans are given below:

a. EMPLOYEE STOCK OPTION PLAN-2005 (ESOP-III)

Under this scheme, an initial corpus of 5,00,000 options was created for grant to the eligible employees, with each option convertible into one fully paid-up equity share of ₹10/-. This scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The corpus of the scheme was further enhanced by 15,00,000 options during the financial year 2007-08. The Company has obtained the requisite in-principle approvals from the stock exchanges for the listing of equity shares arising out of exercise of options granted under the scheme.

The Compensation Committee granted options to the eligible employees in accordance with the provisions of the scheme. The options were granted at a price, which was not less than 85% of the average of the closing price of the equity shares during the 15 trading days preceding the date of grant on the stock exchange where there was highest trading volume during this period. Unless otherwise resolved, the options granted vest over a period of 1 to 4 years and could be exercised over a period of 3 years from the date of vesting.

The tenure for grant of stock options under ESOP 2005 scheme has expired in 2015 and the Company is only administering the outstanding stock options issued under the scheme.

b. EMPLOYEE STOCK OPTION PLAN-2008 (ESOP-IV)

During 2008-09, your Company instituted the Employee Stock Option Plan-2008. A corpus of 20,00,000 options were created for grant to the eligible employees under the scheme. The Scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Company has obtained the requisite in-principle approvals from the stock exchanges for the listing of equity shares arising out of exercise of options granted under the scheme.

The Compensation Committee granted options to the eligible employees in accordance with the provisions of the scheme. The options were granted at a price, which is not less than 85% of the average of the closing price of the equity shares during the 15 trading days preceding the date of grant on the stock exchange where there was highest trading volume during this period. Unless otherwise resolved, the options granted vest over a period of 1 to

4 years and can be exercised over a period of 3 years from the date of vesting.

As on March 31, 2018, there are no outstanding options under the ESOP 2008 Scheme.

Additional information regarding the employee stock options as at March 31, 2018 is given in "Annexure A" to this report.

11. PARTICULARS OF GUARANTEES UNDER SECTION 186

Details of guarantees covered under Section 186 of the Companies Act 2013, are given in note number 35 (b) (iv) of the Standalone Financial Statements.

12. MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT

Mr. Ashwin Chalapathy, Non-Independent, Non-Executive Director, resigned from the Board with effect from May 04, 2018.

13. CORPORATE GOVERNANCE

Your Company strongly believes that the spirit of Corporate Governance goes beyond the statutory form. Sound Corporate Governance is a key driver of sustainable corporate growth and long-term value creation for the stakeholders and protection of their interests. It endeavors to meet the growing aspirations of all stakeholders including shareholders, employees and customers and is committed to maintaining the highest level of transparency, accountability and equity in its operations. It always strives to follow the path of good governance through a broad framework of various processes.

Your Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended from time to time. The Auditor's certificate on compliance with respect to the same is annexed herewith in "Annexure B". In addition, it has documented its internal policies in line with the Corporate Governance guidelines. The Management Discussion & Analysis of the financial position of the Company has been provided as a part of this report.

14. DIRECTORS

As per Section 152 of the Companies Act, 2013, at least two-third of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each Annual General Meeting of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Vinod Kumar Padmanabhan, retires by rotation and being eligible, has offered to be re-appointed at the ensuing Annual General Meeting.

The Board at its meeting held on May 25, 2017 appointed Mr. Anil Singhvi, Independent Director, as the Chairman of the Company.

Mr. Vinod Kumar Padmanabhan, Chief Operating Officer of the Company and Mr. Ashwin Chalapathy, Chief Technology Officer and Head of Service Delivery of the Company were appointed as Additional Directors and Whole-Time Directors at the same meeting. The shareholders approved the appointments of Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy, at the 23rd Annual General Meeting of the Company held on July 28, 2017.

Pursuant to the restructuring of the business of the Company, the Revenue Maximisation Solutions business was contributed to Subex Assurance LLP and the Subex Secure and Analytics solutions and related businesses was contributed to Subex Digital LLP. Consequent to such business restructuring Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed in Subex Assurance LLP and they continued as Non- Executive and Non-Independent Directors on the Board of the Company with effect from November 01, 2017, being the effective date of such business restructuring.

Mr. Surjeet Singh was re-appointed as the Managing Director & CEO of the Company at the Board Meeting held on October 04, 2017 for the period from October 05, 2017 to March 31, 2018. The said re-appointment is being placed before the Members of the Company at the ensuing Annual General Meeting for their approval.

The Board at its meeting held on March 21, 2018, took note, that pursuant to the terms of the employment agreement of Mr. Surjeet Singh with the Company, his tenure as Managing Director & CEO of the Company concluded on March 31, 2018.

In view of the conclusion of tenure of Mr. Surjeet Singh as the Managing Director & CEO of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on March 21, 2018, appointed Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company effective from April 01, 2018, for a tenure of three years. The said appointment is being placed before the Members of the Company at the ensuing Annual General Meeting for their approval.

Mr. Ashwin Chalapathy, Non-Independent, Non-Executive Director, resigned from the Board with effect from May 04, 2018.

The details regarding the familiarization program for Independent Directors is available on the website of your Company under the link <https://www.subex.com/shareholder-services/>.

15. BOARD MEETINGS

During the year, 10 Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015. The Board meeting number and the dates on

which the meetings were held are as follows:

Board Meeting Number	Date of Meeting
1/2017-18	May 25, 2017
2/2017-18	May 25, 2017
3/2017-18	June 05, 2017
4/2017-18	July 28, 2017
5/2017-18	August 21, 2017
6/2017-18	October 04, 2017
7/2017-18	November 10, 2017
8/2017-18	December 21, 2017
9/2017-18	January 29, 2018
10/2017-18	March 21, 2018

The details of the attendance of the Directors is provided in the Corporate Governance Report.

16. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI (LODR) Regulations, 2015, the Board at its meeting held on January 29, 2018 carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

17. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

The Policy on Appointment of Directors and the Remuneration Policy of the Company forms a part of this report in “Annexure F”. and the Details / Disclosures of Ratio of Remuneration to each Director to the median employee’s remuneration in “Annexure H”.

18. AUDIT COMMITTEE

As on March 31, 2018, the Audit Committee had 4 Directors as its members viz. Mr. Anil Singhvi, Chairman, Ms. Nisha Dutt, Independent Director, Ms. Poornima Prabhu, Independent Director and Mr. Surjeet Singh, Managing Director & CEO. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the provisions of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

Mr. Surjeet Singh ceased to be the member of the Audit Committee as on March 31, 2018. Mr. Vinod Kumar Padmanabhan has been appointed as a member of the Committee with effect from April 01, 2018.

19. AUDITORS

STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (Firm Registration Number 101049W/E300004), the Statutory Auditors of the Company were appointed for a term of 5 years at the AGM held on June 19, 2015.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith in "Annexure C".

The Secretarial Auditors have in their report for the financial year 2017-18 mentioned that while the Company has appointed an Acting Company Secretary, the same does not comply with the provisions of Section 203 (4) of the Companies Act, 2013 wherein the Company is required to appoint a Company Secretary as whole time Key Managerial Person. The Board have noted the same and takes this opportunity to assure the Members and other stakeholders of the Company that it is looking out for a suitable candidate for the position of Company Secretary and till such time Mr. Arjun Makhecha, a member of the Institute of Company Secretaries of India would continue as the Acting Company Secretary of the Company.

20. PARTICULARS OF EMPLOYEES

The particulars of employees required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed hereto in "Annexure D".

21. CONSERVATION OF ENERGY

Your Company is committed to the continual development of its products in a sustained environment, helping its customers to operate their businesses more efficiently and enabling them to reduce their use of scarce resources and minimize waste.

As a software product Company, the impact that Subex has on the environment from its own operations is relatively low when compared to companies in other industries. However, Subex recognizes that it still has a role to play in reducing the impact that global business has on the environment. Subex is committed and targets towards following the best practices to reduce utilization of power, natural resources like water and limited E-Waste disposal, executed through government recognized agencies. Though Subex does not fall under the category of manufacturing products and services impacting the environment, we implement few of the best practices with minimal investments through a five-year plan

- agreement with an industry stalwart having expertise in energy conservation. This investment thereby results in monetary benefits / savings month on month, helping us recover the invested amount in few months, ensuing continued savings through this initiative.

Suppliers delivering the products to Subex with regard to lighting, diesel generators etc, abide by the guidelines laid out by the government.

Subex aims to reduce its impact on the environment by:

- i. Monitoring the level of water and energy used along with the waste produced.
- ii. Targeting a reduction in the use of water and energy reduction in waste along with an increase in amount of waste that is recycled/ reused etc.
- iii. Increasing the awareness on environment safety and engagement of employees.
- iv. Adopting sustainable practices designed to ensure the health and safety of Subex's employees, stakeholders and the environment.
- v. Operating its business in compliance of environmental laws and regulations.

22. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Your Company has a strong Research & Development Division responsible for developing technologies for its products in the telecom domain. The telecommunications domain, in which your Company operates, is subject to rapid technological changes, introduction of new services and intense competition. Your Company has developed inherent skills to keep pace with these changes. Since software products are the significant line of business of your Company, the Company incurs expenditure on product related Research & Development on a continuous basis. These expenses are charged to revenue under the respective heads and are not segregated and accounted separately.

23. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During the year 2017-18 total foreign exchange earnings and expenditure is as follows:

- i) Foreign Exchange earnings ₹16,240 Lakhs (Previous Year ₹29,930 Lakhs)
- ii) Foreign Exchange expenditure ₹9,592 Lakhs (Previous Year ₹18,231 Lakhs)

Note: The foreign exchange expenditure is inclusive of the inter-Company charges and the Previous Year's figures have been restated accordingly.

24. CORPORATE SOCIAL RESPONSIBILITY

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Ms. Nisha Dutt	Independent Director

Mr. Surjeet Singh ceased to be the member of the Committee as on March 31, 2018.

Mr. Vinod Kumar Padmanabhan has been appointed as a member of the Committee with effect from April 01, 2018.

Pursuant to the CSR Policy adopted by the Board, the Company proposes to undertake such activities as may be useful and contributive in nature.

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for the education of economically challenged meritorious students as part of the Nurture Merit Programme, conducted blood and stem donation camps, donated clothes and other essentials to Government schools. SCT has tied up with the Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls. As part of this program, 25 blind and disabled girls were provided vocational training and employment and 22 of them have been successfully attained jobs across various industries. A gist of activities undertaken by the Trust has been provided as a separate section in this Annual Report in “Annexure I”

25. IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level also threaten the existence of the Company. Risks are assessed department wise such as financial risks, information technology related risks, legal risks, accounting fraud, etc. The Management also ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

26. HUMAN RESOURCE MANAGEMENT

Detailed report on Human Resource management is given in the Management Discussion and Analysis section of the annual report.

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Such internal financial controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards (“Ind AS”).

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head of department who then along with the Chief Financial Officer discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Chief Financial Officer reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that

approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards information security including the privacy aspects of customer data where applicable. Focused effort on data privacy, align with customer's strategy towards compliance to Global Data Privacy Regulations (GDPR). Information security practices is the base to implement privacy, organization and technological measures in terms of physical and logical access controls are built in to the system. Awareness to employees on the work environment and best practices are imparted through trainings periodically.

28. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <https://www.subex.com/shareholder-services/>. There were no complaints during the year 2017-18.

29. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the financial year under review, the Company has received one complaint of sexual harassment from a women employee of the Company. The matter was considered and resolved within the timelines stipulated under the said Act.

30. DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have given declarations under Section 149 (7) to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

31. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the

Company at large. Further, none of the Directors had any pecuniary relationships of transactions vis-à-vis the Company.

All related party transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors for their review on a quarterly basis.

The Company has entered into sub-contracting arrangements with its subsidiaries, based on transfer pricing methodology, for development and enhancement of its products as well as marketing of its products by the subsidiaries across locations. The Company has also entered into marketing arrangements with its subsidiaries wherein there is a cross charge done by the subsidiaries towards its efforts for the same.

The Policy on Related party transactions as approved by the Board is uploaded on the Company's website under the link <https://www.subex.com/shareholder-services/>

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC-2 is enclosed to this report in "Annexure G".

32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

33. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith in "Annexure E".

34. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2017-18 to the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE') where the Company's shares are listed.

35. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provision of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors affirm:

- In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures;
- That the accounting policies have been selected and applied consistently and it has made judgments and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.;
- d) That the accounts for the year ended March 31, 2018 have been prepared on a going concern basis;
- e) That internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively.
- f) That systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

36. APPRECIATION/ACKNOWLEDGEMENTS

Your Directors thank the clients, vendors, investors and bankers for their continued support during the year. We place on record our appreciation for the co-operation and assistance provided

by the Central and State Government authorities particularly SEZ authorities, Customs authorities, Registrar of Companies, Karnataka, the Income Tax department, Reserve Bank of India and various authorities under the Government of Karnataka.

Your Directors also wish to place on record their deep appreciation to Subexians at all levels for their hard work, solidarity, co-operation and support, as they are instrumental in your Company scaling new heights, year after year.

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN 06563872

Anil Singhvi

Chairman & Independent Director

DIN 00239589

Place: Bengaluru, India

Date: May 04, 2018

Annexure A

Additional Information as at March 31, 2018 as per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Sl.No	Particulars	ESOP 2005	ESOP 2008
1.	Net options granted as on March 31, 2018	36,494	-
	Options granted during the year	-	-
2.	Pricing formula	As mentioned earlier in the report	As mentioned earlier in the report
3.	Options vested but not exercised as on March 31, 2018	24,055	-
4.	Options exercised as on March 31, 2018	12,439	-
	Options exercised during the year	-	-
	Exercise Price	-	-
5.	Money realized by exercise of options during the year	-	-
6.	The total number of shares arising as a result of exercise of options during the year ended March 31, 2018	-	-
7.	Options lapsed/cancelled/ surrendered as on March 31, 2018	58,02,424	23,33,537
	Options lapsed/cancelled/ surrendered during the year	68,313	28,301
8.	Variation of terms of options	None	None
9.	No. of employees covered	87	-
10.	Employee wise details of options granted during the year under review to:	-	-
	(i) Key managerial personnel	-	-
	(i) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	-
	(i) identified employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-	-
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share'	0.01	0.01
12.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company is:	-	-
13.	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. (As per note 36 of the Standalone financials)	₹18.24	₹28.44
14.	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	N. A.	N. A.
	i. risk-free interest rate	-	-
	ii. expected life	-	-
	iii. expected volatility	-	-
	iv. expected dividends	-	-

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Place: Bengaluru, India
Date: May 04, 2018

Anil Singhvi
Chairman & Independent Director
DIN 00239589

Annexure B

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BMP & Co. LLP, Company Secretaries

Place: Bengaluru
Date: May 04, 2018

Pramod S M
Partner
FCS 7834 / CP No. 13784

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2018

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SUBEX LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Subex Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2018 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not Applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
 - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- vi) Other Laws Applicable Specifically to the Company namely:
 - (a) Information Technology Act, 2000 and the rules made thereunder
 - (b) Special Economic Zones Act, 2005 and the rules made thereunder

- (c) Copy Right Act, 1957
- (d) The Patents Act, 1970
- (e) The Trade Marks Act, 1999

We have also examined the compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except *that provisions of section 203 of the Companies Act, 2013 has not been complied (the Company has a Company secretary who has been appointed as an acting CS but not as a Key Managerial Personnel).*

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except with respect to those agenda items which the Company deemed to be unpublished price sensitive information (UPSI), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the compliance mechanism adopted by the Company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

For **V SREEDHARAN & ASSOCIATES**

(Pradeep B. Kulkarni)

Place: Bengaluru
Date: May 03, 2018

Partner
FCS 7260 / CP No. 7835

Annexure D

PARTICULARS OF EMPLOYEES

Particulars	Mr. Vinod Kumar Padmanabhan	Mr. Ashwin Chalapathy	Mr. Ganesh K. V.
Designation of the employee	1. Whole-Time Director & Chief Operating Officer (May 25, 2017-October 31, 2017) 2. Non-Executive, Non-Independent Director (November 01, 2017-March 31, 2018) 3. Managing Director & CEO with effect from April 01, 2018	1. Whole-Time Director, Chief Technology Officer and Head of Service Delivery (May 25, 2017-October 31, 2017) 2. Non-Executive, Non-Independent Director (November 01, 2017 onwards) - Resigned from the Board with effect from May 04, 2018.	CFO, Global Head-Legal & Company Secretary (last working day- July 31, 2017).
Remuneration received	1. ₹53,69,029 2. Nil	1. ₹45,48,746 2. Nil	₹37,38,983
Nature of employment, whether contractual or otherwise	1. Permanent 2. Otherwise 3. Permanent	1. Permanent 2. Otherwise	Permanent
Qualifications and experience of the employee	B.Tech 28 Yrs	M.Sc (Computer Science) 23 Yrs	CA, CS, Senior Mgt Program from IIM-C 33Yrs
Date of commencement of employment	Oct 15, 1997	Jan 15, 2007	Nov 27, 2012
The age of such employee	48 Yrs.	46 Yrs.	56 Yrs.
The last employment held by such employee before joining the Company	Crompton Greaves	Siemens	Logix Microsystems Ltd
The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above	0.01%	NA	NA
Whether any such employee is a relative of any Director or manager of the Company and if so, name of such Director or manager	NA	NA	NA

Annexure E

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	6 th December, 1994
iii)	Name of the Company	Subex Limited
iv)	Category / Sub Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru-560103
vi)	Whether listed Company (Yes / No)	Yes, on the National Stock Exchange of India Ltd and BSE Ltd
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Canbank Computer Services Limited J P Royale, 1 st Floor, No.218 2 nd Main, Sampige Road (Near 14 th Cross), Malleswaram, Bengaluru – 560 003 Contact No. 080-23469661/662/664/665

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the Company are stated)

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1.	Implementation and customization	-	32
2.	Managed services	-	34
3.	Support services	-	34

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares/ capital held*	Applicable Section
1.	Subex Technologies Limited, India	U74140KA2005PLC035905	Subsidiary	100	2 (87)
2.	Subex Assurance LLP, India	AAJ-0729	Subsidiary	100	2 (87)
3.	Subex Digital LLP, India	AAJ-0728	Subsidiary	100	2 (87)
4.	Subex Americas Inc., Canada	Foreign Company	Subsidiary	100	2 (87)
5.	Subex (UK) Limited, England	Foreign Company	Subsidiary	100	2 (87)
6.	Subex Inc., USA	Foreign Company	Subsidiary	100	2 (87)
7.	Subex (Asia Pacific) Pte. Limited, Singapore	Foreign Company	Subsidiary	100	2 (87)
8.	Subex Azure Holdings Inc., USA	Foreign Company	Subsidiary	100	2 (87)
9.	Subex Middle East (FZE), UAE	Foreign Company	Subsidiary	100	2 (87)

*Including % of holding, either directly or indirectly through subsidiaries.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,52,844	-	4,52,844	0.09	4,52,844	-	4,52,844	0.08	(0.01)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	0.10	5,21,200	-	5,21,200	0.09	(0.01)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	9,74,044	-	9,74,044	0.19	9,74,044	-	9,74,044	0.17	(0.02)
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(a) Other – Individuals	-	-	-	-	-	-	-	-	-
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(a) Banks/FI	-	-	-	-	-	-	-	-	-
(a) Any other.	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	9,74,044	-	9,74,044	0.19	9,74,044	-	9,74,044	0.17	(0.02)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	21,64,479	-	21,64,479	0.43	28,48,537	-	28,48,537	0.51	0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.02	78,764	-	78,764	0.01	(0.01)
g) FIs	28,06,956	-	28,06,956	0.55	-	-	-	-	(0.55)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Portfolio Investors	-	-	-	-	5,50,94,999	-	5,50,94,999	9.80	(9.80)
Sub-total (B)(1)	50,50,199	-	50,50,199	1.00	5,80,22,300	-	5,80,22,300	10.32	(9.32)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	10,62,60,582	400	10,62,60,982	20.96	11,83,97,679	400	11,83,98,079	21.07	0.11
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	11,36,82,693	49,811	11,37,32,504	22.43	12,81,49,774	44,251	12,81,94,025	22.81	0.38
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	18,38,05,398	0	18,38,05,398	36.26	21,11,59,948	-	21,11,59,948	37.57	1.31

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Trusts	3,88,600	-	3,88,600	0.08	3,88,600	-	3,88,600	0.07	(0.01)
Director & their relatives	60,000	-	60,000	0.01	79,095	-	79,095	0.01	-
Foreign Nationals	81,194	-	81,194	0.02	81,194	-	81,194	0.01	(0.01)
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non Resident Indians	84,97,887	-	84,97,887	1.68	1,02,22,484	-	1,02,22,484	1.82	0.14
O C Bs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	17,79,005	-	17,79,005	0.35	37,95,674	-	37,95,674	0.68	0.33
shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	2,01,36,829	-	2,01,36,829	3.97	2,76,48,411	-	2,76,48,411	4.92	0.95
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	6,52,80,387	-	6,52,80,387	12.88	22,35,775	-	22,35,775	0.40	(12.48)
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	6,16,030	1,670	6,17,700	0.12	5,58,729	1,670	5,60,399	0.10	(0.02)
Sub-Total(B)(2)	50,05,88,605	51,881	50,06,40,486	98.76	50,27,39,063	46,321	50,27,63,384	89.64	(9.12)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	50,56,38,804	51,881	50,56,90,685	99.95	56,17,13,407	46,321	56,17,59,728	99.96	0.01
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.05	2,43,207	-	2,43,207	0.04	(0.01)
Grand Total (A+B+C)	50,68,56,055	51,881	50,69,07,936	100	56,19,56,614	46,321	56,20,02,935	100	

* As per the records of the RTA.

II. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year*
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Kivar Holdings Private Limited	5,21,200	0.10	0.10	5,21,200	0.09	0.01	(0.01)
2.	Subash Menon	80,601	0.02	0.02	80,601	0.01	0.01	(0.01)
3.	Sudeesh Yezhuvath	3,72,243	0.07	0.07	3,72,243	0.07	0	0

* There was no change in the number of shares held by Promoters during the year. The percentage change in shareholding is due to increase in the paid-up share capital.

The reduction in the percentage of shares pledged/encumbered is due to the release of pledge on shares by Axis Trustee Services Ltd, on the redemption of FCCB III.

III. Change in Promoters' Shareholding

Sl. No	Shareholders name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Kivar Holdings Private Limited	5,21,200	0.10	5,21,200	0.09
2.	Subash Menon	80,601	0.02	80,601	0.01
3.	Sudeesh Yezhuvath	3,72,243	0.07	3,72,243	0.07
	There is no change in shareholding as at the end of the year				

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	QVT Singapore Fund Pte. Ltd.	NIL	-	2,75,31,428	4.90
2.	Uno Metals Ltd	1,72,52,000	3.40	2,56,02,000	4.56
3.	AKG Finvest Ltd	2,00,70,000	3.96	1,97,10,000	3.51
4.	Tonbridge (Mauritius) Limited	NIL	-	1,79,16,321	3.19
5.	Leeds (Mauritius) Limited	NIL	-	96,47,250	1.72
6.	Angel Fincap Private Limited	72,27,806	1.43	75,20,818	1.34
7.	IL and FS Securities Services Limited	3,18,431	0.06	42,17,932	0.75
8.	Dilipkumar Lakhi	28,36,857	0.56	40,96,322	0.73
9.	Chirag Dilipkumar Lakhi	20,96,431	0.41	20,96,431	0.37
10.	Societe Generale	NIL	-	20,87,122	0.37

v. Shareholding of Directors and Key Managerial Personnel

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Surjeet Singh (term concluded on March 31, 2018)	NIL	N.A.	NIL	N.A.
2.	Anil Singhvi	60,000	0.01	60,000	0.01
3.	Nisha Dutt	NIL	N.A.	NIL	N.A.
4.	Poornima Prabhu	NIL	N.A.	NIL	N.A.
5.	Vinod Kumar Padmanabhan (appointed as Director on May 25, 2017)	19,095	0.01	19,095	0.01
6.	Ashwin Chalapathy (appointed as Director on May 25, 2017 & resigned w.e.f May 04, 2018)	NIL	N.A.	NIL	N.A.
7.	Mehernaz Dalal (appointed as CFO w.e.f. June 15, 2017)	NIL	N.A.	NIL	N.A.
8.	Ganesh KV (resigned as CFO and CS w.e.f. June 15, 2017)	NIL	N.A.	NIL	N.A.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,059	-	-	10,059
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	501	-	-	501
Total (i + ii + iii)	10,560	-	-	10,560
Change in Indebtedness during the financial year				
i) Principal Amount	(10,059)	-	-	(10,059)
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	(501)	-	-	(501)
Net Change	(10,560)	-	-	(10,560)
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

The Company repaid the outstanding US\$ 3,600,000 under FCCB III on its maturity date, July 07, 2017.

The State Bank of India (SBI), Overseas Branch, Bengaluru, vide its letter dated October 25, 2017 has confirmed that the Company has repaid its Working Capital Loan of ₹42.05 Crores and has no outstanding dues.

Pursuant to the restructuring, the Working Capital Limits of the Company to the tune of ₹54.83 Crores, held with Axis Bank Ltd, CBB Branch, Bengaluru, has been transferred to its subsidiary, Subex Assurance LLP. Hence the Company has no outstanding Working Capital loan as on March 31, 2018.

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL *

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

A1.

(₹ In lakhs)

Sl. No	Particulars of Remuneration	Surjeet Singh Managing Director & CEO**	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38	38
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify	-	-
	Total	38	38
	Ceiling as per the Act	60 Lakhs p.a as per Section II of Part II of Schedule V of the Act	60 Lakhs.

* All the values have been rounded off to the nearest Lakhs.

** Upto conclusion of term as on March 31, 2018.

A2. (₹ in Lakhs)

Sl. No	Particulars of Remuneration	Vinod Kumar Padmanabhan Whole Time Director (May 25, 2017-October 31, 2017)	Total Amount
1.	Gross salary		
	(a)Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	54	54
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	-
	Total	54	54
	Ceiling as per the Act	₹120 Lakhs p.a as per Section II of Part II of Schedule V of the Act	₹120 Lakhs.

A3. (₹ in Lakhs)

Sl. No	Particulars of Remuneration	Ashwin Chalapathy Whole Time Director (May 25, 2017-October 31, 2017)	Total Amount
1.	Gross salary		
	(a)Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	45	45
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	-
	Total	45	45
	Ceiling as per the Act	120 Lakhs p.a as per Section II of Part II of Schedule V of the Act	120 Lakhs.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Anil Singhvi	Nisha Dutt	Poornima Prabhu	
	Fee for attending Board/Committee meetings	28	22	23	73
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	28	22	23	73
2.	Other Non-Executive Directors	Mr. Vinod Kumar Padmanabhan (Nov 01, 2017-March 31, 2018)	Ashwin Chalapathy (Nov 01, 2017 -March 31, 2018)	-	N.A
	Fee for attending Board/Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total = (1+2)	28	22	23	73
	Total Remuneration	28	22	23	73
	Overall Ceiling as per the Act	₹1,00,000 per meeting for the Independent Directors			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Mehernaz Dalal Chief Financial Officer with effect from June 15, 2017	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	43	43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify		
5.	Others, please specify (Flexible Benefit Plan)	1	1
	Total (1+2+3+4+5)	44	44
	Ceiling as per the Act	Not Applicable	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure F

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

A. CRITERIA FOR APPOINTMENT OF NON-EXECUTIVE DIRECTORS & INDEPENDENT DIRECTORS

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The N&R Committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act 2013.
- d) The N&R Committee shall consider the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Non-Executive Director.
 - i) Qualification, experience and expertise of the Non-Executive Directors in their respective fields;
 - ii) Personal, professional or business standing;
 - iii) Diversity of the Board.
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, profit related commission as may be approved by the members and reimbursement of expenses for participation in the Board/Committee meetings as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014;
- ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

B. CRITERIA FOR APPOINTMENT OF EXECUTIVE DIRECTORS

For the purpose of appointment of any Executive Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee shall also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for Executive Director

- i. At the time of appointment or re-appointment, the Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Executive Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The Remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Executive Director maybe broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:
 - a. The relationship of remuneration and performance benchmarks is clear;
 - b. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. Responsibility required to be shouldered by the Executive Director, the industry benchmarks and the current trends;
 - d. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

C. REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL

In determining the remuneration of the Key Managerial Personnel, the N&R Committee shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.
- v) The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to N&R Committee for its review and approval.

D. REMUNERATION POLICY FOR OTHER EMPLOYEES

In determining the remuneration of the other employees of the Company the Reporting Manager shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.
- v) The Reporting Manager will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive.

Annexure G

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

1.	Name(s) of the related party and nature of relationship	NOT APPLICABLE
2.	Nature of contracts/ arrangements/ transactions	
3.	Duration of the contracts/ arrangements/ transactions	
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions	
6.	Date(s) of approval by the Board	
7.	Amount paid as advances, if any:	
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited
		(b) Subex (UK) Limited
		(c) Subex Americas Inc.
		(d) Subex (Asia Pacific) Pte. Limited
		(e) Subex Inc.
		(f) Subex Middle East (FZE)
		(g) Subex Assurance LLP
		(h) Subex Digital LLP
		(All the aforementioned entities are subsidiaries of Subex Limited)
(b)	Nature of contracts/ arrangements/ transactions	A. Sub-Contracting Transactions
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd
		Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		B. Marketing & Allied Services Expense Transactions
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd

(b)	Nature of contracts/ arrangements/ transactions (contd.)	Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		C. Interest Income
		Subex Americas Inc.
		D. Reimbursement of expenses
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd
		Subex Assurance LLP
		Subex Digital LLP
		Subex Americas Inc.
		Subex Inc.
		Subex Technologies Ltd.
(c)	Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	A. Sub-Contracting Transactions
		The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company
		B. Marketing & Allied Services Expense Transactions
		The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company
		C. Interest Income
		The ultimate holding Company charges interest on loan given to its subsidiaries
		D. Reimbursement of expenses
		Group entities incur cost on behalf of other entities for administrative convenience, which is then cross charged to respective entity on cost-to-cost basis.
(e)	Date(s) of approval by the Board, if any:	May 25, 2017 (approval), January 29, 2018 and May 04, 2018 (ratification)
(f)	Amount paid as advances, if any:	NA

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Place: Bengaluru, India
Date: May 04, 2018

Anil Singhvi
Chairman & Independent Director
DIN 00239589

Annexure H

DETAILS / DISCLOSURES OF RATIO OF REMUNERATION

Particulars	For the period from April 01, 2017-October 31, 2017	For the period from November 01, 2017-March 31, 2018 (Post restructuring)
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	1. Surjeet Singh (MD & CEO) 3.29: 1.00 2. Vinod Kumar Padmanabhan (WTD) 20.34:1.00 3. Ashwin Chalapathy(WTD) 18.65: 1.00	Surjeet Singh (MD & CEO) 6.29: 1.00
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	MD & CEO: 28.47% CFO: (41.82)% WTD's :N.A	MD & CEO:257.48% CFO: (40.43)% WTD's :N.A
(iii) the percentage increase in the median remuneration of employees in the financial year;	The median remuneration increased by 11.16% during this period.	Incomparable due to Business restructuring, where majority of the employees were transferred to Subex Assurance LLP.
(iv) the number of permanent employees on the rolls of Company;	905	47
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was an increase of 10.71% in the average percentile of salaries of employees during this period. There was an increase of 28.47% in the remuneration paid to the MD & CEO, which was approved by the Board at their meeting held on October 04, 2017. There was a decrease of 41.82% in the remuneration paid to the CFO during this period.	The details pertaining to average percentile increase/decrease in the salaries of employees is incomparable due to Business restructuring, where majority of the employees were transferred to Subex Assurance LLP. There was an increase of 257.48% in the remuneration paid to the MD & CEO in this period, which was approved by the Board at their meeting held on October 04, 2017. There was a decrease of 40.43% in the remuneration paid to the CFO during this period.
(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration of Directors, Senior Management and Employees is as per the Remuneration Policy of the Company	

Annexure I

ANNUAL REPORT ON CSR ACTIVITIES

Sustainable practices have always been an integral part of Subex Limited. Corporate Social Responsibility is a large part of our overall sustainability policy encompassing social action. Subex Charitable Trust is our primary social responsibility trust. The objective for the financial year 2017-18 was enabling education of eligible students from financially weaker sections of society and vocational training for women

CSR Committee

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2018.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Nisha Dutt	Independent Director
Mr. Surjeet Singh	Managing Director & CEO

Mr. Surjeet Singh ceased to be the member with effect from March 31, 2018, due to the conclusion of his term as MD & CEO on the same date. Mr. Vinod Kumar Padmanabhan was appointed as member of the Committee with effect from April 01, 2018.

OBJECTIVE AND SCOPE

The objective of the Corporate Social Responsibility ("CSR") policy of the Company is to lay down guidelines to enable the Company to take the required measures to make a meaningful contribution to the society and other stakeholders.

For more details visit <https://www.subex.com/social-responsibility/>.

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for the education of economically challenged meritorious students as part of the Nurture Merit Programme, conducted blood and stem donation camps, donated clothes and other essentials to Government schools. SCT has tied up with the Prerana Resource

Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls.

FOCUS AREA

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Employment enhancing vocational skills;

ACTIVITIES COVERED DURING THE YEAR

- Education aid: Sponsored 40 economically-challenged students from rural areas with scholarships through the Nurture Merit program.
- Education aid: Sponsored tuition fees for the Vidyaranya Trust Orphanage.
- Vocation Training for Women empowerment: SCT has tied up with the Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls and has Sponsored their tuition fees. As part of this program, 25 blind and disabled girls are provided Trainings in 3 phases – Basic Education, Vocational Training & Employment follow-up. Out of the 25, 22 Blind/Disabled Girls have been successful in attaining jobs in different factories – Textile Industry, Packaging Industry, Printing and others.
- Received Nurture Merit contribution from 33 Subexians and more than 20 Subexians are contributing a monthly amount from their salary for SCT activities.
- Other activities:
 - Organized blood and stem cell donation camp with TTK Bank.
 - Visited Bellandur Government School, and Government school, Kadubisanahalli to understand their requirements.
 - Provided 10 Desktops to Government Higher Secondary School for education purpose. Also provided Water Coolers for providing clean drinking water to the students.
 - Donated Clothes, and Toys for economically challenged children through Goonj, with the help of Subexian volunteers.

- Vidyaranya Trust Orphanage - SCT volunteers spent time with children and donated back packs and water sippers to the children.
- Opportunity School for the mentally retarded - SCT volunteers visited and spent time with mentally retarded children and donated back packs and water sippers.
- Donated cots and mattresses to Shishu Mandir, a home for destitute children.

FINANCIAL DETAILS

In accordance with Section 135 of the Companies Act, 2013 and Rules made under the Company has constituted a CSR Committee as its Net worth has exceeded ₹500 Crores. As the Company has incurred losses during the preceding 3 years, it is not mandatory to incur expenditure on CSR activities. However, the CSR Committee, in its meeting held on May 25, 2017, approved the contribution of ₹10,00,000 to the SCT, for the period 2017-18 and the Company has voluntarily undertaken certain activities as listed below. The contribution towards the activities undertaken during the year was made in April 2018.

The major projects and heads under which the outlay amount was spent as on the date of this report are as follows: (₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Providing Vocational Training to visually impaired and Disabled Orphan Teenage Girls	Promoting employment enhancing vocation skills especially among children, women and differently abled	Bengaluru	4,08,000	4,08,000	4,08,000	4,08,000
2	Nurture merit programme	Providing scholarships to economically challenged students from rural areas	Bengaluru	5,92,000	5,92,000	5,92,000	5,92,000
	Total			10,00,000	10,00,000	10,00,000	10,00,000

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN 06563872

Place: Bengaluru, India

Date: May 04, 2018

Anil Singhvi

Chairman & Independent Director

DIN 00239589

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Therefore, situation, performance, ownership and governance of the Company are equally important with respect to the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

Subex Limited's ("Subex/the Company") compliance with the Corporate Governance guidelines as stipulated by the stock exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR), Regulations, 2015"] is described in this section. The Company believes that sound Corporate Governance is critical to enhance and retain investor's trust. Subex respects minority rights in its business decisions.

The Company's Corporate Governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law
- Be transparent and maintain high degree of disclosure levels
- Communicate externally, in a truthful manner, about how the Company is run internally
- Comply with the laws in all the countries in which the Company operates

Subex is committed to good Corporate Governance practices. Consistent with this commitment, Subex seeks to achieve a high level of responsibility and accountability in its internal systems and policies. Subex respects the inalienable rights of the shareholders to information on the performance of the Company. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

II. BOARD OF DIRECTORS

As on March 31, 2018, the Board of Directors of Subex Limited comprises 6 directors out of which 1 is an Executive Director, 2 are Non-Executive Directors and 3 are Independent Directors.

During the year, Mr. Anil Singhvi was appointed as the Chairman of the Company with effect from May 25, 2017. Further, Mr. Vinod Kumar Padmanabhan, the Chief Operating Officer and Mr. Ashwin Chalapathy, the Chief Technology Officer and Head of Service Delivery were appointed as Whole-Time Directors of the Company on May 25, 2017 as well.

Ms. Nisha Dutt, Independent Director was appointed as the Chairperson of the Nomination & Remuneration Committee with effect from May 25, 2017.

Mr. Ganesh K V ceased to be the Chief Financial Officer and Company Secretary with effect from June 15, 2017 consequent to his resignation from the Company. Ms. Mehernaz Dalal who was heading the corporate function was appointed as the Chief Financial Officer of the Company with effect from June 15, 2017. Further, Mr. Arjun Makhecha was appointed as the Acting Company Secretary with effect from June 15, 2017.

Pursuant to the restructuring of the business of the Company, the Revenue Maximization Solutions business was contributed to Subex Assurance LLP and the Subex Secure and Analytics solutions and related businesses was contributed to Subex Digital LLP. Consequent to such business restructuring Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed in Subex Assurance LLP and they continued as Non- Executive and Non-Independent Directors on the Board of the Company with effect from November 01, 2017 being the effective date of such business restructuring.

The Board at its meeting held on October 04, 2017 based on the recommendation of the Nomination & Remuneration Committee re-appointed Mr. Surjeet Singh as the Managing Director and CEO of the Company for the period from October 05, 2017 until March 31, 2018. On account of completion of tenure of Mr. Surjeet Singh as Managing Director and CEO of the Company, he ceased to be a member of the Board and all the Committees.

In view of the completion of tenure of Mr. Surjeet Singh as the Managing Director and CEO of the Company on March 31, 2018 and based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on March 21, 2018 appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company with effect from April 01, 2018.

The Board at its meeting held on May 04, 2018 took note of the resignation tendered by Mr. Ashwin Chalapathy from the Board of Subex and its subsidiaries with effect from May 04, 2018.

The Board appointed Mr. Vinod Kumar Padmanabhan as a member on the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee with effect from April 01, 2018.

Details of the composition of the Board of Directors and their attendance and other particulars are given below.

A. Composition and Category of Directors as on March 31, 2018

Category	No. of Directors	%
Independent Directors	3	50
Executive Directors	1	17
Non- Executive Directors	2	33
Total	6	100

B. Attendance of Directors at the Board Meetings and the Last AGM and Details about Directorships and Memberships in Committees as on March 31, 2018

Director	Position	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships In Public Companies ▲	No. of Board/ Committees In Which The Director Is Chairman ■	No. of Board /Committees In Which The Director Is Member ■
Mr. Surjeet Singh ^^	Managing Director and Chief Executive Officer	10	6	Yes	2	-	2
Mr. Anil Singhvi	Independent Director	10	10	Yes	7	2	3
Ms. Nisha Dutt	Independent Director	10	8	Yes	1	-	2
Ms. Poornima Prabhu	Independent Director	10	10	Yes	1	-	1
Mr. Vinod Kumar Padmanabhan *	Non-Executive, Non-Independent Director	9	6	Yes	1	-	-
Mr. Ashwin Chalapathy **	Non-Executive, Non-Independent Director	9	7	Yes	1	-	-

Notes:

▲ Includes directorship in Subex Limited.

■ Committee means Audit Committee and Stakeholders' Relationship Committee. Memberships in Committees of Subex Limited are included.

^^ Pursuant to the terms of the employment agreement of Mr. Surjeet Singh with the Company, his tenure as Managing Director and CEO of the Company concluded on March 31, 2018 and consequently he ceased to continue on the Board of the Company and the Committees. All details of Mr. Surjeet Singh in this report, wherever it appears, are up to March 31, 2018.

* The Board of Directors at its meeting held on May 25, 2017 appointed Mr. Vinod Kumar Padmanabhan as a Whole-Time Director of the Company. Subsequently on account of the restructuring of the Company, Mr. Vinod Kumar Padmanabhan was designated as Non-Executive and Non-Independent Director with effect from November 01, 2017. The Board appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company with effect from April 01, 2018.

** The Board of Directors at its meeting held on May 25, 2017 appointed Mr. Ashwin Chalapathy as a Whole-Time Director of the Company. Subsequently on account of the restructuring of the Company, Mr. Ashwin Chalapathy was designated as Non- Executive and Non-Independent Director with effect from November 01, 2017.

Mr. Ashwin Chalapathy resigned from the directorship of the Company with effect from May 04, 2018.

C. Number and Dates of Board Meetings

Details of meetings of the Board held during the financial year 2017-18 are as follows:

Sl. No.	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	May 25, 2017
3.	No. 3/2017-18	June 05, 2017
4.	No. 4/2017-18	July 28, 2017
5.	No. 5/2017-18	August 21, 2017
6.	No. 6/2017-18	October 04, 2017
7.	No. 7/2017-18	November 10, 2017
8.	No. 8/2017-18	December 21, 2017
9.	No. 9/2017-18	January 29, 2018
10.	No. 10/2017-18	March 21, 2018

D. Disclosure of relationships between directors *inter-se*

There are no *inter-se* relationships between the Board members.

E. Details of Shareholding of Non- Executive Directors

In terms of Regulation 36 (3) (e) of the SEBI (LODR) Regulations, 2015, the details of shares held by Non- Executive Directors are as under:

Name	No. of Shares Held as at March 31, 2018
Mr. Anil Singhvi	60,000
Ms. Nisha Dutt	NIL
Ms. Poornima Prabhu	NIL
Mr. Vinod Kumar Padmanabhan	19,095

F. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide independent directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the directors on the roles, responsibilities, rights and duties under the Companies Act, 2013 and other statutes. There was no independent director appointed during the year. Details of the familiarization programme imparted to independent directors is available on the following link <https://www.subex.com/shareholder-services/>.

III. AUDIT COMMITTEE

A. Terms of Reference

The Audit Committee has, *inter alia*, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 some of which are:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment, terms of appointment or reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Reviewing, with the management, the annual and quarterly financial statements before submission to the Board for approval, with particular reference to:
 - a) Changes, if any, in accounting policies and practices and reasons for the same;
 - b) Major accounting entries involving estimates based on the exercise of judgment by management;
 - c) Significant adjustments made in the financial statements arising out of audit findings;
 - d) Qualifications in the draft Audit Report;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Overseeing the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also to take action against repeated frivolous complaints filed by director or employee;
- Evaluating the internal financial controls;
- Approving the appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

The current charter of the Audit Committee is in line with the provisions of the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and regulatory changes formulated by SEBI and international best practices.

All members of the Audit Committee are financially literate and have related financial management expertise.

B. Composition of The Audit Committee as on March 31, 2018

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Surjeet Singh *	Managing Director and CEO
4.	Ms. Poornima Prabhu	Independent Director

Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary ceased to be the Secretary of the Audit Committee with effect from June 15, 2017 consequent to his resignation from the Company.

*Mr. Surjeet Singh ceased to be the member of the Audit Committee on March 31, 2018.

Mr. Vinod Kumar Padmanabhan was inducted to the Audit Committee with effect from April 01, 2018.

C. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following Audit Committee meetings were held:

1.	No. 1/ 2017-18	May 25, 2017
2.	No. 2/ 2017-18	June 05, 2017
3.	No. 3/ 2017-18	July 28, 2017
4.	No. 4/ 2017-18	August 21, 2017
5.	No. 5/ 2017-18	November 10, 2017
6.	No. 6/ 2017-18	January 29, 2018
7.	No. 7/ 2017-18	March 21, 2018

The dates on which the Quarterly/Half Yearly/Year ended results were considered were as follows:

Sl. No.	Quarterly/ half yearly/ yearly results	Dates on which the results were considered
1.	Quarter and Year ended March 31, 2017	May 25, 2017
2.	Quarter ended June 30, 2017	July 28, 2017
3.	Quarter and Half year ended September 30, 2017	November 10, 2017
4.	Quarter and nine months ended December 31, 2017	January 29, 2018

The Attendance of the directors at the Audit Committee Meetings during the financial year 2017-18 were as follows:

Member	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi	7	7
Mr. Surjeet Singh	7	5
Ms. Nisha Dutt	7	5
Ms. Poornima Prabhu	7	7

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, the Statutory Auditors of the Company have attended all the Audit Committee Meetings held during the year.

P. C. Chandrashekhar & Co, Chartered Accountants, the Internal Auditors of the Company attended the meeting of the Committee held on May 25, 2017 and were re- appointed by the Committee for the financial year 2017-18.

IV. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee considers the performance of the Company as well as general industry trends while fixing the remuneration of the Executive Directors. The said Committee as a part of the Remuneration Policy considers the recommendation of appointment of Directors, including Managing Director and Whole-Time Director by whatever name called by the Company.

A. Composition of the Nomination and Remuneration Committee as on March 31, 2018 is as follows:

Sl. No.	Name of the Director	Category
1.	Ms. Nisha Dutt (Chairperson)	Independent Director
2.	Mr. Anil Singhvi	Independent Director
3.	Ms. Poornima Prabhu	Independent Director

B. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following meetings of the Nomination and Remuneration Committee were held:

1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	June 05, 2017
3.	No. 3/2017-18	July 28, 2017
4.	No. 4/2017-18	October 04, 2017
5.	No. 5/2017-18	December 21, 2017
6.	No. 6/2017-18	March 21, 2018

At its meeting held on October 04, 2017, the Committee approved the re-appointment and remuneration of Mr. Surjeet Singh as the Managing Director & CEO of the Company for the period from October 05, 2017 to March 31, 2018. Further at the meeting of the Committee held on March 21, 2018, the Committee approved the appointment and remuneration of Mr. Vinod Kumar Padmanabhan

as the Managing Director & CEO of the Company for a period of 3 years with effect from April 01, 2018.

Attendance of the members at the Nomination and Remuneration Committee meetings during the financial year 2017-18 were as follows:

Member	No. of Nomination and Remuneration Committee Meetings Held	No. of Nomination and Remuneration Committee Meetings Attended
Ms. Nisha Dutt	6	4
Mr. Anil Singhvi	6	6
Ms. Poornima Prabhu	6	6

C. Details of remuneration paid to all the Directors during the Year 2017-18 are as follows:

The Independent Directors are paid sitting fees of ₹1,00,000 per meeting for attendance in the Board Meetings and Meetings of other Committees of the Board.

The Nomination and Remuneration Committee determines and recommends to the Board, the compensation payable to the Executive Directors. All Board level compensation is approved by the shareholders, where necessary, and is separately disclosed in the financial statements. The compensation, however, is within the parameters set by the provisions of the Companies Act, 2013 and rules made thereunder.

Details of remuneration paid to the directors during the year 2017-18 are as follows:

(₹ in Lakhs)			
Name	Sitting fees	Salary and perquisites	Commission ⁵
Ms. Nisha Dutt	22	-	-
Mr. Anil Singhvi	28	-	-
Mr. Surjeet Singh	N. A.	38	-
Ms. Poornima Prabhu	23	-	-
Mr. Vinod Kumar Padmanabhan	N. A.	54	-
Mr. Ashwin Chalapathy	N. A.	45	-

All the values have been rounded off to the nearest Lakhs.

⁵ Remuneration to independent directors by way of commission was approved by the Board at their Meeting held on May 25, 2017 and subsequently approved by the shareholders at the 23rd Annual General Meeting held on July 28, 2017 for an amount not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the

Companies Act, 2013. However, no commission was paid to the independent directors during the year.

Remuneration Details of Executive Directors:

1. Mr. Surjeet Singh, Managing Director & CEO (October 05, 2017 to March 31, 2018)

- Tenure: October 05, 2017 to March 31, 2018
- Remuneration: ₹5,00,000 per month.
- Benefits:
 - Medical Reimbursement: Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family.
 - Insurance: Personal accident insurance and Keyman or other insurance as per the policy of the Company or as approved by the Board of Directors.
- Taxes: All taxes, duties, levies, surcharge etc. shall be borne solely by Mr. Surjeet Singh.
- Expenses: The Company shall reimburse, on a monthly basis, all reasonable travelling, entertainment and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities. He shall be entitled to travel in Business class where travel time is more than 5 hrs.
- Leave: Casual/sick leave and holidays as per the policy of the Company.
- Termination: The Company or Mr. Surjeet Singh may terminate the agreement giving either party notice in writing of 90 (Ninety) days.

2. Mr. Vinod Kumar Padmanabhan, Managing Director & CEO (April 01, 2018 to March 31, 2021)

- Tenure: 3 years (April 01, 2018 to March 31, 2021)
- Remuneration: ₹60,00,000 per annum for a period of 3 years from April 01, 2018.
- Taxes: Mr. Vinod Kumar Padmanabhan will be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with appropriate authority.
- Expenses: The Company shall reimburse all reasonable travelling and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities.

- e) Other terms and conditions: As per the employment agreement between Subex Limited and Mr. Vinod Kumar Padmanabhan

D. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the directors individually, as well as the evaluation of all the Committees of the Board. An evaluation criteria for the Chairman, Board of Directors, Members of the Committee and Individual Directors was formulated for such evaluation. The evaluation criteria included aspects related to competency of directors, strategy and performance evaluation, effectiveness, structure of the Board/Committee, level of engagement and contribution, independence of judgement etc. The performance evaluation of the independent directors was carried out by the entire Board. The performance evaluation of the non-independent directors was carried out by the independent directors. The directors expressed their satisfaction with the evaluation process.

V. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee is responsible for addressing the investor complaints and grievances. The Committee meets on a periodic basis to address the investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other documents etc. Details of grievances of the investors are provided in the "Shareholders' Information" section of this Annual Report.

A. Composition of The Stakeholders' Relationship Committee as on March 31, 2018

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Surjeet Singh*	Managing Director & CEO

Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary ceased to be the Secretary of the Committee with effect from June 15, 2017 pursuant to his resignation from the Company.

*Mr. Surjeet Singh ceased to be the member of the Stakeholders' Relationship Committee on March 31, 2018

Mr. Vinod Kumar Padmanabhan was inducted to the Stakeholders' Relationship Committee by the Board with effect from April 01, 2018.

B. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following meetings of the Stakeholders' Relationship Committee were held:

1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	July 28, 2017
3.	No. 3/2017-18	November 10, 2017
4.	No. 4/2017-18	January 29, 2018

Attendance of the Directors at the Stakeholders' Relationship Committee Meetings for the financial year 2017-18 were as follows:

Member	No. of takeholders' Relationship Committee Meetings Held	No. of Stakeholders' Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Surjeet Singh	4	4
Ms. Nisha Dutt	4	4

VI. ESOP COMMITTEE (COMPENSATION COMMITTEE)

The Company has instituted Employee Stock Option Schemes in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee administers options under the stock options schemes. There were no grants made during the financial year 2017-18.

A. Composition of The ESOP Committee as on March 31, 2018

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Ms. Poornima Prabhu	Independent Director

B. Meetings and Attendance during the Year

The Committee administers the ESOP schemes of the Company by passing resolutions by circulation whenever necessary. These resolutions are tabled before the Board of Directors at their respective meetings which is noted.

VII. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee ("CSR Committee"). The CSR Committee has, *inter alia*, the following mandate:

- i. formulate and recommend to the Board of Directors of the Company, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii. recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- iii. monitor the Corporate Social Responsibility Policy of the Company from time to time.

A. Composition of The CSR Committee as on March 31, 2018

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Surjeet Singh*	Managing Director & CEO

*Mr. Surjeet Singh ceased to be the member of the Corporate Social Responsibility Committee with effect from March 31, 2018.

Mr. Vinod Kumar Padmanabhan was inducted to the Corporate Social Responsibility Committee with effect from April 01, 2018.

B. Meetings and Attendance of the Committee during the Year 2017-18:

Member	No. of CSR Committee Meetings Held	No. of CSR Committee Meetings Attended
Mr. Anil Singhvi	1	1
Ms. Nisha Dutt	1	1
Mr. Surjeet Singh	1	1

During the financial year 2017-18, the Committee met on May 25, 2017 to discuss and approve the contribution to be made towards the Corporate Social Responsibility programs.

The CSR Charter and the Policy of the Company are available on the website of the Company at <https://www.subex.com/shareholder-services/>.

VIII. RISK MANAGEMENT COMMITTEE

To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, it has constituted a Risk Management Committee to review the internal financial controls amongst other matters. The said Committee has also within its scope, the evaluation of significant risk exposures of the Company and to assess Management's actions to mitigate the exposures in a timely manner. The Company considers activities at all levels of the organization, i.e. Enterprise level, Division level, Business Unit level and Subsidiary level in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements i.e. Risk Assessment, Risk Management and Risk Monitoring.

A. Composition of the Risk Management Committee as on March 31, 2018

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Mr. Surjeet Singh*	Managing Director & CEO
3.	Mr. Vinod Kumar Padmanabhan	Non- Executive, Non- Independent Director

*Mr. Surjeet Singh ceased to be the member of the Risk Management Committee on March 31, 2018.

B. Meetings and Attendance during the Year

There were no meetings of the Risk Management Committee held during the financial year 2017-18.

IX. INDEPENDENT DIRECTOR

During the year under review, the Independent Directors met, *inter alia*, to:

- Review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- Assess the quality, quantity and timeliness of flow of information between the Management of the listed entity and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

X. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 require all the listed companies to institutionalize the vigil mechanism and whistle blower policy. The Company since its inception believes in honest and ethical conduct from all the employees and others who are associated directly and indirectly with the Company. The Audit Committee is also committed to ensure a fraud-free work environment. The policy provides a platform to all the employees, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the following reporting protocols:

Adequate safeguards have been provided in the policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee at whistleblower@subex.com is also available in exceptional cases. This policy is applicable to all the directors, employees, vendors and customers of the Company. The policy is also posted on the website of the Company.

The Whistle Blower Policy of the Company is available on the website of the Company at <https://www.subex.com/shareholder-services/>.

XI. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2014-15	June 19, 2015	Registered office	1.00 PM
2015-16	September 12, 2016	Registered Office	2:00 PM
2016-17	July 28, 2017	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru-560 052	3:00 PM

Details of the Special Resolutions passed at the Last Three AGMs:

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining too
June 19, 2015	7	1. Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2014 to October 04, 2015. 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of five years. 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of five years. 4. Issuance of shares pursuant to reset of Conversion Price of FCCB's. 5. Increase in Authorized Share Capital of the Company. 6. Alteration of Capital Clause contained in the Memorandum of Association and. 7. Approval of Borrowing limits of the Company.
September 12, 2016	2	1. Alteration of Articles of Association of the Company. 2. Re-appointment of Mr. Surjeet Singh as Managing Director and CEO of the Company for a period of one year from October 05, 2016 to October 04, 2017.
July 28, 2017	3	1. Appointment of Mr. Vinod Kumar Padmanabhan as a Whole-Time Director of the Company. 2. Appointment of Mr. Ashwin Chalapathy as a Whole-Time Director of the Company. 3. Approve payment of remuneration to Independent Directors by way of commission.

B. Location and Time of the Last Three EGMs

Year	Date of EGM	Venue	Time
2011-12	December 28, 2011	Registered office	11.30 AM
2012-13	June 28, 2012	Registered office	11.30 AM
2012-13	August 17, 2012	Registered office	11.30 AM

C. Postal Ballot during the year 2017-18

Pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013, the following special resolutions were passed by the Members of the Company through postal ballot:

A. Postal Ballot conducted during March 30, 2017 to April 29, 2017

Mr. Pramod S M, Practicing Company Secretary (Membership Number FCS:7834, CP No. 13784) was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot. Details of the special resolutions that were passed are as follows:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1.	Increase in Authorized Share Capital	51,364,551	51,003,488	361,063	99.30	Approved
2.	Issue of Equity Shares on preferential basis	51,238,450	51,054,878	183,572	99.64	Approved

B. Postal Ballot conducted during August 25, 2017 to September 23, 2017

Mr. Biswajit Ghosh, Practicing Company Secretary (Membership Number FCS:8750, CP No. 8239) was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot. Details of the special resolutions that were passed are as follows:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1.	Restructuring of the business of the Company	119,241,219	118,221,024	1,020,195	99.14%	Approved
2.	Amendment to Articles of Association	118,450,070	118,066,693	383,377	99.68%	Approved
3.	Amendment to the object Clause of the Memorandum of Association	115,882,184	115,870,492	11,692	99.99%	Approved

The complete results of the voting along with the scrutinizers report for the aforementioned postal ballot's were made available on the website of the Company www.subex.com and on the websites of BSE and NSE.

XII. SUBSIDIARY COMPANIES

A policy on materiality of subsidiaries has been formulated and the same has been posted on the website of the Company under the link <https://www.subex.com/shareholder-services/>.

The Annual Financial Statements of material subsidiaries are tabled before the Audit Committee and Board meetings.

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standards (AS18) and IND AS has been made in the note 33 to the Stand Alone and Note 33 to the Consolidated Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link <https://www.subex.com/shareholder-services/>.

None of the Independent Directors have any material pecuniary relationship or transactions with its Promoters, its Directors, its Senior Management or its subsidiaries which may affect

independence. The Company has received the relevant declarations in this regard from its Independent Directors Mr. Anil Singhvi, Ms. Nisha Dutt and Ms. Poornima Prabhu.

B. INSIDER TRADING

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Compliance Officer is responsible for implementation of the Code.

C. FINES

During the year 2017-18, there was no fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets. During the year 2015-16, BSE Limited imposed a fine of ₹18,240/- on the Company under Clause 31 of the erstwhile Listing Agreement for delay in submission to the exchange, the Annual Report for 2014-15 which was duly paid. There was no other fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years, other than as stated above.

D. CEO/CFO CERTIFICATION

The Company has obtained a certificate from the CEO and CFO as required by Regulation 17 (8) (Part B of Schedule II) of the SEBI (LODR) Regulations, 2015.

E. CODE OF CONDUCT

In compliance with Regulation 17 (5) of the SEBI (LODR) Regulations, 2015, the Company has adopted a Code of Conduct (the 'Code'). This Code is applicable to the Members of the Board, Senior Management Personnel and all employees of the Company and Subsidiaries. The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings particularly on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

During the said Financial year there were no changes made to the Code. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31, 2018. A declaration to this effect, signed by the Managing Director and CEO is provided in the certification section of the Annual Report. The Code has been posted on the Company's website <https://www.subex.com/shareholder-services/>.

XIV. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

The annual audited /half yearly & quarterly un-audited results are generally published in all editions of Financial Express/ Business Standard (English) and Vijay Karnataka/Udayavani (Kannada). The complete financial statements are posted on the Company's website <https://www.subex.com/shareholder-services/>. Subex also regularly provides information to the Stock Exchanges as per the requirements of the SEBI (LODR) Regulations, 2015 and updates the website periodically to include information on new developments and business opportunities.

Being a Company with strong focus on green initiatives, Subex proposes to send all shareholder communications such as the notice of General Meetings, Audited Financial Statements, Board's Report, Auditors' Report, etc., as done in the past, to shareholders in electronic form to the e-mail id provided by them and made available to us by the Depositories. Members are requested to register their e-mail id with their Depository Participant and inform them of any changes to the same from time to time. However, Members who prefer physical copy to be delivered may

write to the Company at its registered office or send an e-mail to investorrelations@subex.com by providing their DP ID and Client ID as reference.

XV. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms part of the Annual Report.

XVI. GENERAL SHAREHOLDER INFORMATION

General shareholder information is provided in the "Shareholder's Information" Section of the Annual Report.

XVII. PRACTISING COMPANY SECRETARIES CERTIFICATE

The certificate with regard to compliance of conditions on Corporate Governance as per Clause E of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of the Board's Report.

XVIII. COMPLIANCE WITH DISCRETIONARY REQUIREMENTS PROVIDED UNDER PART E OF SCHEDULE II OF THE SEBI (LODR) REGULATIONS, 2015

Part E of Schedule II of the SEBI (LODR) Regulations, 2015 states that the discretionary requirements provided therein may be implemented as per the Company's discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance)/non-adoption of non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report. The Company has complied with the following non-mandatory requirements:

A. The Board

The Company appointed Mr. Anil Singhvi, Independent Director as the Non-Executive Chairman of the Company at its meeting held on May 25, 2017. The Company reimburses the expenses incurred by the Chairman for discharge of his duties that are attributable to the Company on a regular basis pursuant to the provisions of Regulation 27(1) of SEBI (LODR) Regulation, 2015.

B. Shareholders' Rights

The Company communicates with investors regularly through e-mails, telephone calls and face to face meetings. The Company

publishes the quarterly financial results in leading business newspaper(s) as well as on the Company's website.

C. Modified opinion(s) in Audit Report

The Company did not receive any Modified Opinion in the Audit Report of the Financial Statements during the financial year.

D. Separate Posts of Chairperson and Chief Executive Officer

The Company has created separate positions to be held by the Chairman of the Company and the Chief Executive Officer. The Board at its meeting held on May 25, 2017 appointed Mr. Anil Singhvi as the Chairman of the Company.

The Board at its meeting held on October 04, 2017 re-appointed Mr. Surjeet Singh as Managing Director and CEO of the Company from October 05, 2017 until March 31, 2018. Consequent to the conclusion of tenure of Mr. Surjeet Singh, the Board at its meeting held on March 21, 2018, based on the recommendation of the Nomination & Remuneration Committee appointed Mr. Vinod Kumar Padmanabhan as Managing Director and CEO of the Company for a term of 3 years effective from April 01, 2018.

E. Reporting of Internal Auditor

The Internal Auditors report to the Audit Committee of the Board of Directors and are requested to be present as invitees at the Audit Committee meetings held every quarter.

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN 06563872

Place: Bengaluru, India

Date: May 04, 2018

Anil Singhvi

Chairman and Independent Director

DIN 00239589

Place: Bengaluru, India

Date: May 04, 2018

DECLARATION BY THE CEO UNDER CLAUSE D OF SCHEDULE V OF THE SEBI (LODR) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

To,
The Members of Subex Limited

In accordance with Clause D of Schedule V of the SEBI (LODR) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the financial year ended March 31, 2018.

For Subex Limited

Place: Bengaluru
Date: May 04, 2018

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

CEO AND CFO CERTIFICATION IN TERMS OF REGULATION 17 (8) OF THE SEBI (LODR) REGULATIONS, 2015

To,
The Board of Directors
Subex Limited

Dear Sirs,

In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, we hereby certify to the Board of Directors that:

- A) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2018 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee
 - i) Significant changes in internal control if any, over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, wherever needed.

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Mehernaz Dalal
Chief Financial Officer

Place: Bengaluru
Date: May 04, 2018

Place: Bengaluru
Date: May 04, 2018

Management Discussion and Analysis

OVERVIEW

Subex Limited ("Subex" or "the Company") has its Equity Shares listed on the National Stock Exchange of India Limited (NSE) and The BSE Limited.

The management of Subex is committed to transparency and disclosure. In keeping with that commitment, we are pleased to disclose hereunder information about the Company, its business, operations, outlook, risks and financial condition.

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The management of Subex accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect the form and substance of transactions in a true and fair manner, and reasonably present the state of affairs and profits/ losses for the year under review.

In addition to the historical information contained herein, the following discussion may include forward looking statements which involve risks and uncertainties, including but not limited to the risks inherent in the Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

COMPANY OVERVIEW

We provide software products, solutions and related services to communications service providers ("CSPs") worldwide. Our revenue contributing pie consists of licensing, professional services related to installations and configuration activity, annual support contracts and managed services.

Our pioneering platform, the Revenue Operations Centre (ROC®) – a centralized approach that sustains profitable growth and financial health of CSPs through coordinated operational control - brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which CSPs can build their processes to drive new business models, enhance customer experience and optimise operations.

Subex helps CSPs to drive new business models, enhance customer experience and optimise enterprises. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management and Partner Settlement, and complements them through its newer solutions

such as IoT Security. Subex also offers scalable Managed Services and Business Consulting services.

We are proud to be recognized as a leader in our market. We are especially proud to have received numerous awards jointly with our customers. Our recent awards include:

- Converge 2018 Big Data & Analytics Award under "Customer Analytics" Category
- Pipeline Innovation Award 2018 & 2017 for the 'Innovations in Managed Services', Big Data & Analytics and Security & Assurance" category
- Aegis Graham Bell Award 2017 for Innovation in ROC Insights under "Data Science" Category
- Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company
- Pipeline Innovation Awards under "Managed Services" category & "Innovations in Security & Assurance"

Subex has spent over 25 years in enabling 3/4th of the largest 50 CSPs globally achieve competitive advantage. Being truly a global Company, we have more than 300 installations across 90+ countries.

We have a global presence, employing over 900+ people, with headquarters in Bengaluru, India and offices in Singapore, UK, US and UAE.

More information on (a) our revenue model, (b) our products, (c) our global customer base and (d) an overview on the CSP industry itself is discussed below.

OPPORTUNITIES

The last couple of years saw Telcos faced with a paradoxical choice of fighting OTT digital providers vs partnering with the OTT digital providers. It is clear that digital is now deeply embedded in the telco ecosystem as an efficiency and scalability driver, as a customer engagement and experience driver and indeed as a driver of new digital products, services, and offerings. Telcos continue to invest in augmenting networks, forging partnerships and indeed in some cases building walled gardens of an entire ecosystem of digital services. Further, larger-scale adoption of IoT has started gathering momentum and 2018 is now forecast to be the year when IOT becomes massive.

We see significant opportunities for Subex in the digital play of telcos and homecoming of IoT. In the core areas of Revenue Assurance and Fraud Management the new digital service expose

telcos to new business risks, revenue risks, cost and margin risks, fraud risks, compliance and regulatory risks. Subex is well positioned to help telcos manage these risks, while at the same time helping them remain agile to their customer needs and agile to successfully take on the digital competition. Subex with its Partner Management portfolio is also well positioned to help telcos attract, retain and work efficiently with digital partners.

Return on invested capital particularly in networks is coming under significant pressure and scrutiny. Subex's network analytics portfolio with its network lifecycle management and capacity management solutions is well positioned to capitalize on the opportunity created to optimise network spend and use networks as a driver of customer experience.

The timing of Subex's IoT security solution has coincided well with the massive IoT offtake we are experiencing. With security being identified as one of the key barriers to IoT adoption, we believe Subex is well positioned to grab a portion of the IoT security spend market.

THREATS

Core areas of Subex such as fraud management, revenue assurance, partner settlement are evolving. For instance, Revenue Assurance and Fraud Management are evolving into Business Assurance and increasingly getting closer to Enterprise Risk Management; and partner settlement is evolving into larger partner management to manage the digital ecosystem for telcos. Subex needs to ensure that it can capitalize on these changes and create leadership positions in the evolved areas.

With digital services, telcos are changing into content providers,

into fintech and digital banks, into home automation and indeed industrial IoT service providers. This is resulting in new buying centers within the telcos for fraud, risk and security solutions. Failure to develop good relationships with the new buying centers can result in Subex getting sidelined. Subex needs to leverage its domain credentials and its relationship with existing buyers to mitigate this risk.

OUR REVENUE MODEL

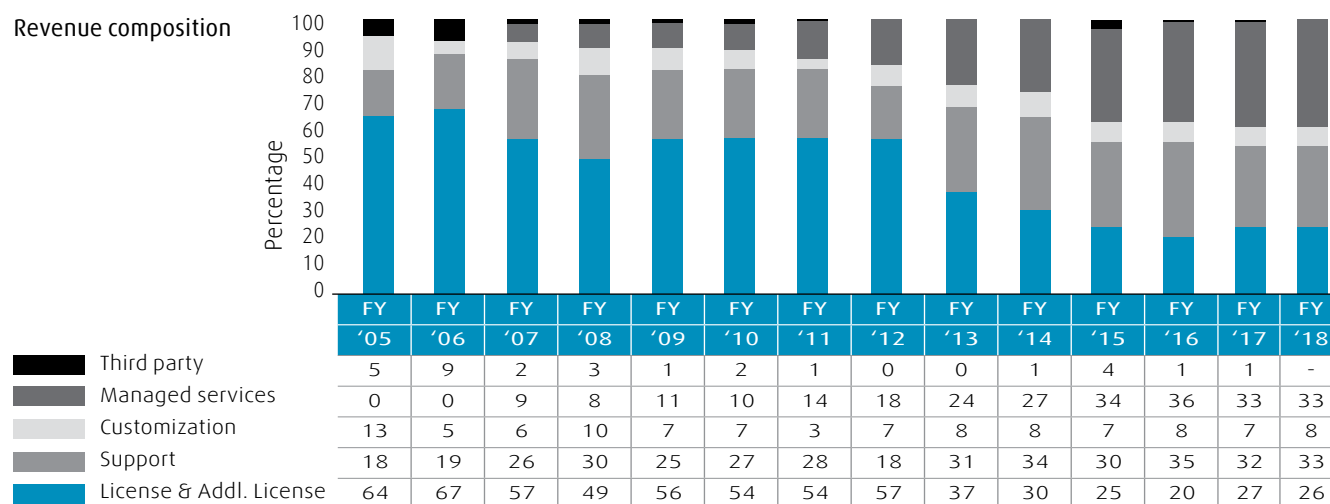
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

We generally license our software products on per subscriber or per transaction basis. This means that when our customers experience growth, we can also expect to benefit from that growth. Typically, there are significant professional services revenues associated with each new software installation as well as with upgrades.

Our annual support contracts are generally priced as a function of the total license fees paid by the customer. Thus, our annual support contracts would also tend to experience growth when our customers experience growth. Importantly, annual support contract revenue tends to be recurring revenue.

Finally, we have been experiencing increasing success with managed service revenue. Like annual support contracts, managed services provides a relatively predictable recurring revenue stream. At the same time, our managed service offering provides us with an opportunity to maintain a continuous touch point with the customer so we can better understand their needs and we have opportunity to educate them on our offerings and skills.

Revenue composition



OUR PRODUCTS

Subex offers the Revenue Operations Centre (ROC®) Solution Suite for Business and CapEx Optimisation, which has solutions for 'Risk & Security' which consists of Digital Revenue Assurance, Fraud Management and IoT & M2M Security; and for enhancing 'Experience' through Customer Journey Analytics, Customer Analytics, and CMO Insights. The platform also provides solutions for helping enterprises to 'Optimise' through Network Asset Management, Data Integrity Management and Capacity Management; and also solutions to help CSPs 'Monetize' through Interconnect Billing, and Digital Partner Settlement. On top of these solutions, Subex also enables CSPs to leverage their harvested information to take decision-based actions by providing contextual, consumable and actionable business insights through advanced analytics.

All solutions come together to help CSPs prevent fraud losses, collect all revenues, reduce defaulted payments, reduce wasteful expenditure, manage inter-carrier and partner expenses and optimise CapEx.

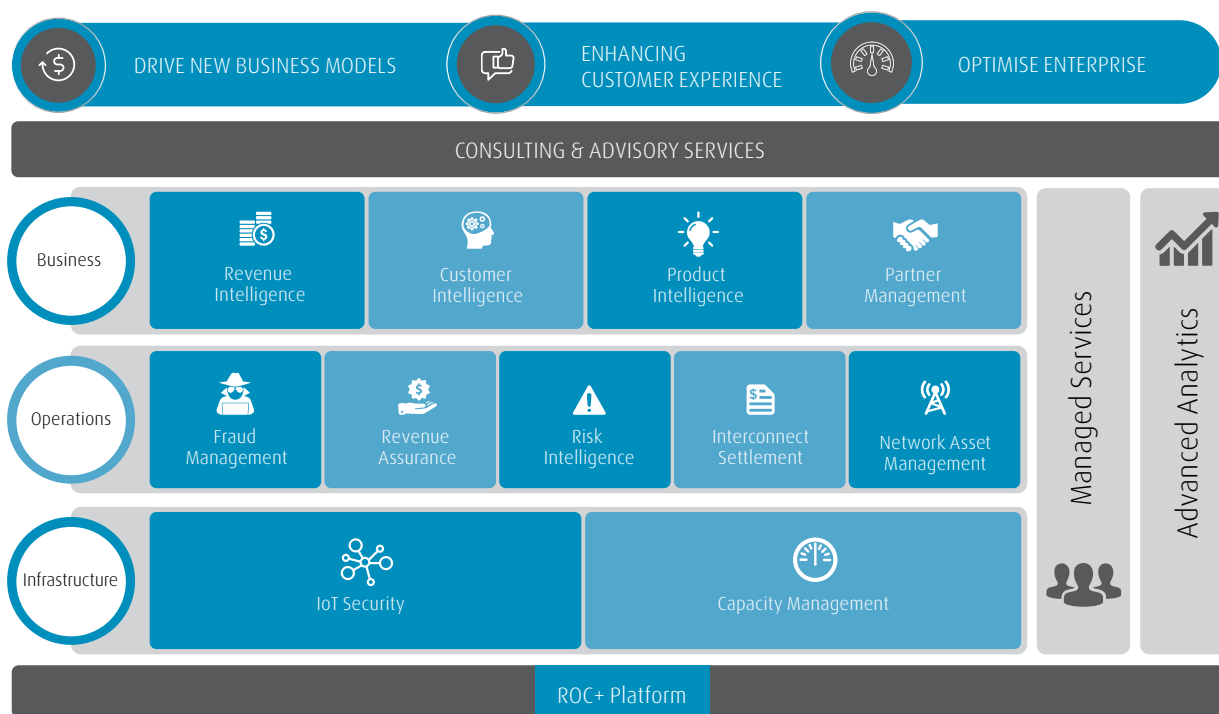
The ROC enables profitable service provider growth through coordinated operational control.

For service providers that aim to optimise their operational and process infrastructure, ROC delivers Business and CapEx Optimisation in the most pragmatic manner.

Functions of ROC:

- Creates a direct linkage between operations and profitability based on credible and timely cross-functional data correlation.
- Brings together, in a synergistic manner, formally disparate assurance, audit and governance functions.
- Enables an operations infrastructure that monitors and controls the entire revenue chain and identifies risks to margins and customer satisfaction.
- Supports business and operational innovation programs because of its end-to-end view.

SUBEX PORTFOLIO



RISK & SECURITY

Digital Revenue Assurance

Subex's Digital Revenue Assurance is the telecom industry's first revenue assurance solution that simplifies RA. It helps telecom service providers transform mountains of data from across business platforms/systems into valuable actionable insights that aid revenue maximisation processes. Digital Revenue Assurance has pioneered the Next Generation RA DNA (Dynamic Network Analytics) technology where operators can quickly invoke GUI-driven building blocks to rapidly deploy extensive Revenue Assurance and Enterprise Business Process controls within their operations. DNA is network topology agnostic and supports revenue management for both traditional communication services and digital services offerings. The solution offers both pre-built set of controls packaged to reduce time of production, as well as capabilities to support any business process that aids revenue management, automating and simplifying complex revenue and cost processes.

Digital Revenue Assurance also offers two path breaking concepts: Revenue Pad and Zen. RevPad provides end to end view of all business process related metrics that helps key stakeholders derive a view of overall system. ZEN is the industry's first virtual analyst that assists operators in investigation and diagnosis. This enables material increase in analyst productivity, increased coverage across revenue checkpoints and reduced time to benefit realisation for a service provider and supports Revenue Assurance teams to align their successes with broader organizational goals - such as higher margins and customer satisfaction.

Fraud Management

The fraud management solution by Subex, is built to increase fraud prevention in the telecom industry by eliminating known frauds, uncovering new fraud patterns, minimizing fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements. Subex's telecom fraud management system detects known fraud types and patterns of unusual behaviour helps investigate these unusual patterns for potential fraud, and uses the knowledge, thus generated, to upgrade and protect against future intrusions.

The solution is characterized by its unique architecture that harnesses the power of proven rules-based alarms and pattern matching driven by advanced statistical techniques. Adding power to this hybrid detection system is a set of potent case management tools. These tools provide relevant case data that are made easily accessible through a single window in a fast web-based GUI.

Subex Fraud Management's high flexibility allows operators of different sizes to customize rules to suit unique network and business requirements. A configurable workflow management tool integrates the investigation process with detection.

With Subex's comprehensive fraud management system, operators can detect fraud types in all telecom environments: Wireline (PSTN, ISP, VoIP), and Wireless (2G, 2.5G, 3G & 4G); and across all services: postpaid, Payment, VAS, MMS and M-commerce.

MONETISE

Partner Settlement

Partner Settlement allows operators to quickly and accurately settle charges with their network and content partners. It helps operators improve efficiency through light touch and automation, accurate billing and settlement and prudent accrual provisioning. Catering to the need for visibility of each deal's impact on an operator's bottom line owing to shrinking margins, the solution provides strong coverage in all areas from order to cash. It enables operators to manage costs and revenues on interconnect and partner agreements with domestic and international operators as well as content partners on a day-to-day and hour-to-hour basis.

New types of complex agreements in areas such as IP and content-based services require new system capabilities to ensure that operators have accurate data available to assure revenues. Subex Partner Settlement's flexibility, scalability and ease of use empower all types of service providers, fixed or mobile, national incumbent or new entrant. Partner Settlement is a comprehensive solution to help Telecom operators with interconnect, content and digital settlements giving them the edge needed to prosper in today's market.

Route Optimisation

Route Optimization is designed to provide operators with tools to manage network cost information supplied by other operators. Additional analysis on the impact of current operator tariffs as well as forecasts on potential future operator tariffs is also featured. The system is capable of taking into account factors such as call quality, rate information, capacity, and network costs to arrive at the optimum choice of operators. The solution ensures that the entire end-to-end processes from dial code/destination operator rate imports to switch updates are controllable and auditable. It is fully supported by a comprehensive list of reports and when generating an optimised routing table, the system provides an integrated management of the routing table changes across multiple business functions. Subex Route Optimization solution helps telcos to derive the best breakouts and cost routes. The processes also enable communication service providers to establish focused efficiency-increasing task automation, thereby reducing data redundancies.

Subex Secure

Subex IoT security solution monitors and alerts to threats in near real-time Internet of Things (IoT) environments. The Subex security narrative focuses on the concept of holistic 'cyber resilience' from asset and incident discovery and monitoring through response and recovery. In addition to its specialized, agentless software for heterogeneous IoT environments to extract and analyze data from

IoT edge sources and apply IDS and SIEM capabilities. It also offers SLA-based 24/7 monitoring services via a global network of SOCs, honeypots and skilled security analysts. Subex uses an agent-based model for homogeneous deployments focused on remote attestation.

The Subex IoT security offering is a managed service that primarily consists of four distinct technologies:

- an intrusion detection system,
- a web access firewall,
- a SIEM and
- a contextual anomaly detection system

In addition to monitoring services, Subex works with clients to develop customized incident response plans in the event of a breach. Through its partners, Subex also brings private VPN, encryption, authentication and secure key storage services to its clients. The combination of Subex's native security capabilities results in threat detection based on signatures, heuristics and anomaly detection, allowing the Company to identify both known and unknown threats.

In addition to its capabilities in the telecom and consumer/enterprise IoT space, Subex also offers its IoT security solution for industrial control systems and smart city infrastructure domains. This offering includes cascading policy controls across different levels in the ICS environment, role-based access control, privilege control and audit trails.

OPTIMISE

Network Asset Management

Network Asset Management is a Telecom Asset Lifecycle Management solution which provides framework and controls to manage network CapEx efficiently. The solution ties the financial parameters of the assets to its current utilization and location, creating a 360 degree view of the asset, generates accurate reports for audits and calculates return on assets. Bridging the gap between network and finance functions, Subex Asset Assurance uses a state-of-the-art network intelligence for:

- Knowing what you have (Knowing what assets you have and its utilization).
- Measuring what you have (Setting up controls to monitor assets location and utilization).
- Optimising what you have (Asset optimisation leading to CapEx and OPEX efficiency).

In addition, it simplifies field audits, provides near real-time capacity views, recommendation to optimise network utilization and optimises P2R (Plan-to-retire) and cash-to-cash cycle for assets and improves overall operational efficiency.

Data Integrity Management

Subex is the pioneer of data integrity management, with over a decade of experience in data integrity transformations with the world's leading service providers. Data Integrity Management is the industry's first solution for improving the quality of data that drives key service provider processes, resulting in lower costs and higher service profitability. Data Integrity Management combines three powerful data integrity functions: multi-layer network and service discovery; data reconciliation; and discrepancy analytics.

Data Integrity Management discovers network resources, identifies them and reconciles them with your OSS/BSS databases such as between an inventory management system and an order management system and a billing system or an asset tracking system based on Service Provider business rules. Leveraging inherent cross-domain intelligence and extensive off-the-shelf network equipment support, Data Integrity Management discovers devices and logical services in diverse network environments and reconciles this data with the OSS/BSS on a continuous, controlled basis. The result is consistent, relevant data throughout service provider's operations, enhancing the effectiveness and value of service fulfillment, service assurance, and billing systems.

Capacity Management

Subex's Capacity Management solution enables CSPs to prevent an availability or performance impact on business-critical applications due to capacity issues. Capacity Management provides the critical link between network discovery and predictive analytics to identify capacity 'hot-spots' and predict 'time-to-exhaustion'. It provides a holistic view of capacity through which it helps CSPs see threshold violations on key links and resolve capacity issues based on near real-time data. It further engages analytics functions to provide actionable intelligence and predict scenarios and their impact on network capacity which would help CSPs to plan capacity investments accordingly. This ensures removal of capacity issues and ensures smooth operation of business-critical applications thereby resulting in positive customer experience.

Business Insights

Today, for Communications Service Providers (CSPs), the volume of data required to be dealt with is enormous. Being able to store and access such volumes of data is only part of the problem for them. In order to effectively use the data to improve and optimise business processes, CSPs need analytics & insights to derive actionable intelligence out of it. Many organisations in fact have understood the importance of having a Data Analytics strategy and have made efforts towards harnessing and leveraging the data available to them. Unfortunately, the numerous solutions which they are currently using are limited in terms of providing actionable insights upon which business decisions can be taken. Due to this, CSPs are not able to generate ROI from their Data Analytics solution.

Business Insights is a unique approach to solving the problem with data growth. The cornerstone of this offering is to leverage big data and generate nuggets of information – which are “Consumable”, “Actionable” and “Contextual”. Based on Subex’s two decades of B/OSS expertise, telecom domain knowledge and telecom analytics experience, the program is built on the pillars of “Domain”, “Analytics” and “Technology”.

Subex Business Insights helps operators extract valuable information from data, predict and act upon irregularities, increase overall efficiency and effectively monitor business changes in near-real time. Moreover, through the generation of consumable and interactive storyboards, Business Insights transcends beyond providing mere dashboards to providing insights which can be consumed by executives across multiple levels. Moreover, ROC Insights ensures costs are kept low by keeping a zero CapEx, only OPEX-driven model.

Additionally, the Business Insights service can be used to generate insights only which are relevant and required. Business Insights does this by adopting a pay-as-you go model, tailor-made to address the challenges of today’s telcos around Product, Risk, Customer and Revenue.

Consulting & Assessment Services

While telcos are undergoing transformation and becoming digital lifestyle service providers, they need trusted partners at the operational level in order to make sure they have the right domain, technology and processes. Subex with its more than 25 years of experience in telecom domain, end-to-end experience in defining strategy to execution and use of relevant tools that are compliant with global forums such as TM Forum and CFCA; is the right partner of choice in consulting and assessment services for global telcos.

Subex offers consulting and assessment services in the following domains:

- Maturity assessment: Benchmarking of their revenue assurance and fraud management processes with respect to global standards and provide metrics across people skills, processes, technology usage and measurement strategies.
- Business operations assessments: Gap analysis of existing processes and provide the roadmap to close these gaps using “analyse, evaluate, assess and recommend” framework.
- Risk management: Identify the risks in the revenue chain and plug leakages in a timely manner, through regular end to end assessment of the existing business and revenue streams. Subex’s custom framework is based on a thorough understanding of risks, creating a Risk Control Matrix utilizing TM Forum standards, and developing comprehensive standard operating procedures.
- Business process re-engineering: Review of the existing business processes and then design and implement the new business process after considering the best industry practices.

- System integration and IT support operations: While migrating from legacy OSS/BSS infrastructure Subex provides extensive checklists and exhaustive test cases making sure that migration cost is reduced. Subex can also help in carrying out customized health-check of RA and FM IT operations of telcos.
- Product and service margin assurance: Assessment of the target market and holistic margin and profitability check for the entire service and product catalogue.
- Portfolio optimisation: Optimizing offering portfolio by holistic assessment of products and offerings considering subscriber base, price points, usage patterns, revenue share and benefit comparison with other offerings.

Managed Services

In an era of intensifying competition, demanding customers, shrinking margins and near-flat top lines, it is imperative to manage Business & Operations Support Systems (B/OSS) effectively. Whether you are a business executive or a functional leader, we understand your challenges related to running such operations. There is a dearth of domain experts; Commercial-Of-The-Shelf (COTS) software products while implemented are not being utilized to their maximum capabilities; there is a continuous pressure on managing with limited resources; even though output expectations are sky high.

At Subex, our Managed Services offerings are designed to drive outcome and protect revenues by enhancing customer experience. Pillared on four main aspects i.e. Cost, Quality, Time-to-market and Capability, the engagement is aimed to provide rapid ROI, increase efficiency and in-turn deliver maximum value. Driven by robust technology-led capabilities, Subex Managed Services offers a variety of engagement models providing complete flexibility to operators based on their business needs.

Subex Managed Services program is designed to add both strategic and tactical value to service providers’ operations and enable better customer experience while also enhancing their operational efficiency, service agility and profitability. With Subex at the helm of its operations, service providers can redirect critical resources at core business functions generating more revenue and saving costs.

Subex understands that no two service provider requirements are alike and hence offers the flexibility to pick and choose services based on:

- Scope of Operations: Ranging from standard operations to large scale transformational programs
- BSS / OSS Domains: Drawing from Subex’s established expertise on various BSS / OSS domains

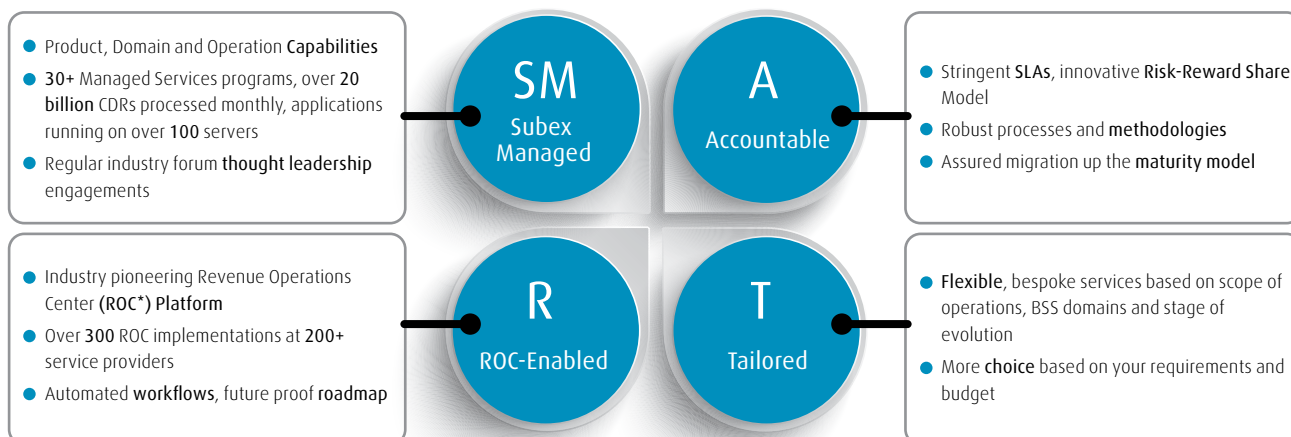
On-Site Support: High caliber, experienced resources to ensure functional continuity and high resource efficiency.

End-to-End Managed Services

This model is perfect for most operators in today’s market as it results in the highest performance with the lowest Opex and CapEx.

Subex Managed Services

SMART services leveraging proven technology



Services leveraging proven technology

OUR GLOBAL CUSTOMER BASE

Subex today serves over 300 installations spread across 90+ countries. This includes 3/4th of the largest 50 CSPs globally. A partial list of customers is given below:

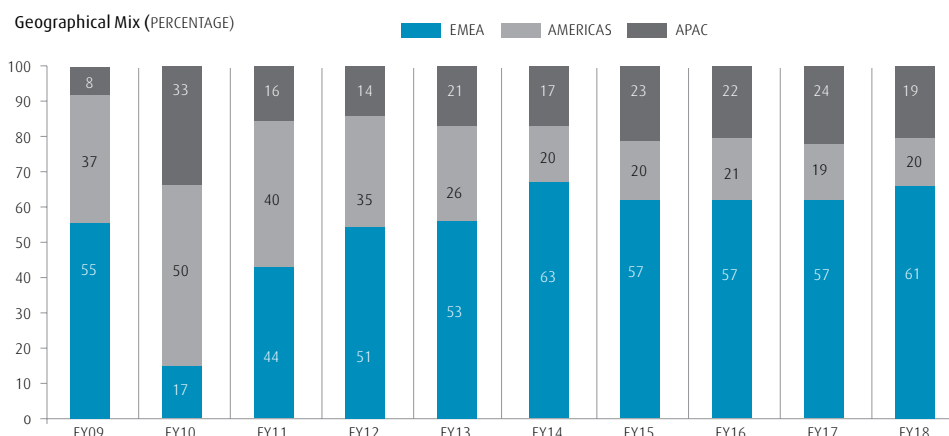
APAC – Aircel, Astro, Airtel, Bakrie Telecom, CAT, Celcom, DTAC, DST Brunei, Idea Cellular, Indosat Ooredoo, Maxis, MTS, Ncell, Optus, Packet One, PLDT, Reliance Communications, Reliance Jio, Robi Axiata, Starhub, Singtel, Smartfren, Tata Communications, Tata Teleservices, Telenor Myanmar, Teletalk, Telstra, Telkom Indonesia, True Move, Telenor India, Vinaphone, Vodafone India.

Americas – Alaska Communications, America Movil AT&T, BTC Bahamas, , Cincinnati Bell Wireless, Claro Argentina, Claro Brazil, Claro Colombia, Claro Dominican Republic, Claro Peru, Claro Puerto Rico, Comcast Cable, Cricket Communications, Century Link,

Hawaiian Telcom, Etecsa, Entel Bolivia, Liberty Global, Movistar Chile, Movistar Colombia, Movistar Mexico, Movistar Peru, Nextel Brazil, Nextel Chile, ICE, Telcel, Telmex, Telus, T Mobile, Verizon.

EMEA – Airtel, Almadar, AST Communications, Atalntique Telecom, Azercell, ALB Telecom Batelco, Bezeq International, BTC Botswana, BT, Cell C, Colt, Coolwave, Cyta, Du, Econet, Elisa, Ethio Telecom, Etisalat UAE, Etisalat Nigeria, Geocell, Glo, Go Malta, Interoute, INWI, Jawwal, K Cell, Level 3, Liberty Global, Life, Mascom, Melita Cable, Mobily, Moldcell, Monaco Telecom, Omantel, Ooredoo Algeria, Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Qatar, Orange Mali, Orascom Algeria, Paltel, Polkomtel, Sabafon, Sonatel, STC, Swisscom, Talk Talk, Telcom Egypt, Telecom Romania, Telefonica, Telekom, Slovenjie, Telenor, Telia Company, Teo, Tunise Telecom, Turk Telecom, Ucell, Viva, Vodafone Ireland, Vodafone Turkey, Zain.

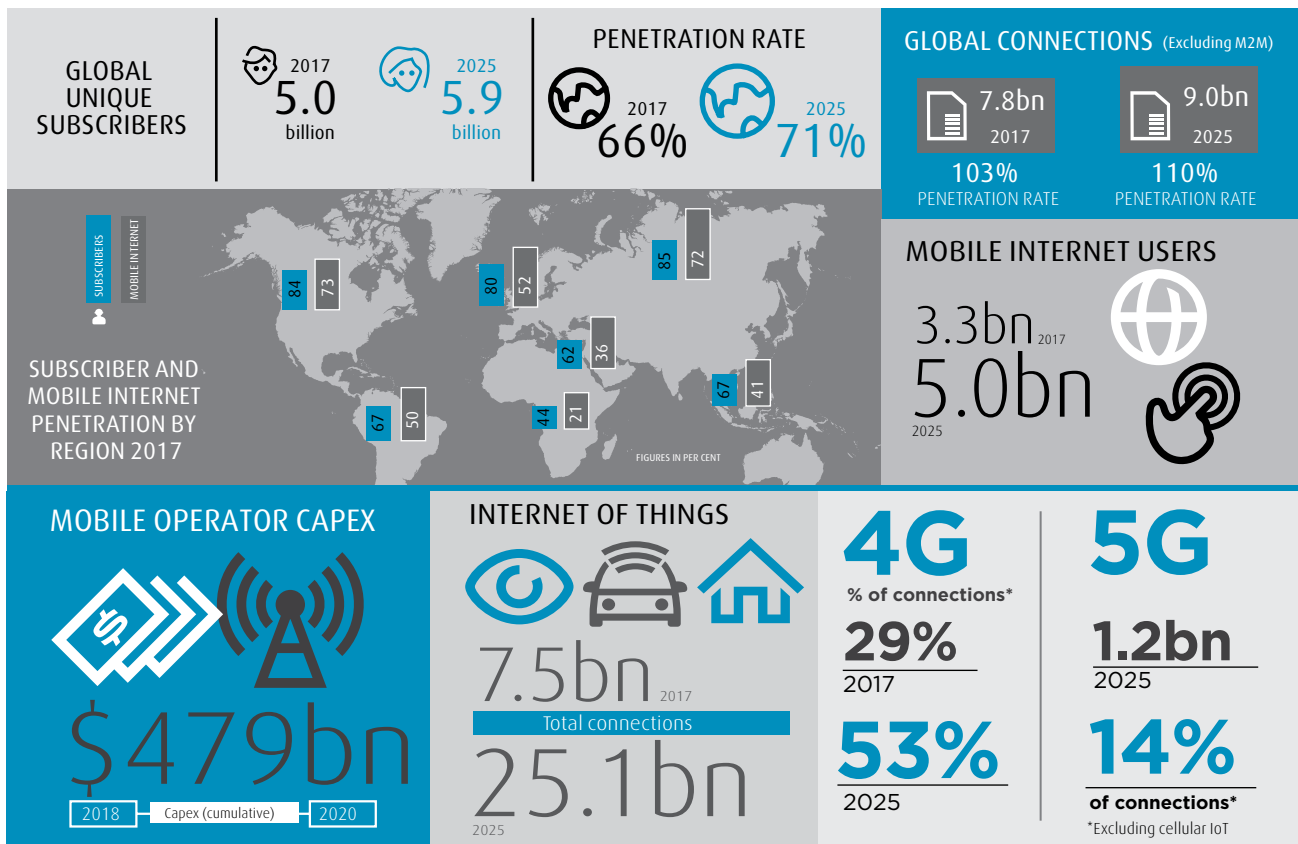
The chart below illustrates the geographical mix of customer base:



GLOBAL COMMUNICATION SERVICES INDUSTRY OVERVIEW

The global number of mobile subscribers at the end of 2017 stood at 5 billion, equivalent to 66% of the world's population. In 2017, mobile technologies and services generated 4.5% of the global GDP, a contribution that amounted to US\$3.6 trillion (economic value-added). In 2017, the wider mobile ecosystem supported 29 million jobs directly and indirectly and made a substantial contribution to the funding of the public sector, with ~US\$500 billion raised through general taxation and US\$25 billion through mobile spectrum auctions. Migration to smartphones that operate

on high-speed mobile networks, coupled with increasing consumer propensity to engage with the digital world, is driving mobile data traffic up across all regions. The number of connections excluding cellular IoT totaled 7.8 billion globally in 2017 and is pegged to reach 9 billion by 2025, taking the SIM ownership ratio to 1.5. In developing countries, the SIM ownership ratio is often higher, especially in Sub-Saharan Africa (1.7), where many consumers use multiple SIMs from different mobile operators, often through dual-SIM handsets, to make use of the best network coverage and call quality in certain locations. (Source: GSMA)



Outlook

The number of unique mobile subscribers will reach 5.9 billion by 2025, equivalent to 71% of the world's population. By 2022, contribution of mobile technologies and services will reach US\$4.6 trillion, or 5% of the global GDP, as countries increasingly benefit from the improvements in productivity and efficiency brought about by an increased take-up of mobile services and mobile-to-mobile solutions. The more significant growth opportunity will lie in the domain of mobile internet – a market that will add 1.75 billion new users over the next eight years, reaching a milestone of 5 billion mobile internet users by 2025. In 2019, 4G will become the leading mobile network technology worldwide by number of connections

(>3 billion) – another major milestone for the mobile industry, about a decade since the launch of early 4G commercial services. Meanwhile, the mobile industry continues to make progress with 5G, including successful trials around the globe and the approval of non-standalone 5G radio specifications in December 2017. A number of mobile 5G commercial launches are expected over the next three years in North America and major markets across Asia and Europe. China, the US and Japan will be the leading countries in terms of 5G connection deployment in 2025, while Europe as a whole will continue to make progress as well. In total, these four economies will account for >70% of the 1.2 billion 5G connections expected to be installed globally by end-2025. By 2025, mobile

internet penetration will reach 61% of the global population and account with 86% of them being unique subscribers. Most of these new mobile internet users will hail from China (~350 million), India (~330 million) and Sub-Saharan Africa (~280 million). By 2025, two-thirds of all mobile connections (excluding cellular IoT) across the world will operate on high-speed networks, with 4G accounting for 53% of total mobile SIMs and 5G, 14%. To support migration and drive engagement, operators will have to invest a sum of US\$0.5 trillion in mobile capex between 2018 and 2020. (Source: GSMA)

Internet of things (IoT)

IoT connections include cellular and non-cellular connections. At the end of 2017, there were 30 commercial deployments of LTE-M and NB-IoT in 20 countries, including the US, China and several nations across Europe. While IoT is rapidly becoming a mainstream technology in consumer markets such as consumer electronics and smart homes, the industrial IoT segment is still in its infancy. The number of smartphone users is forecast to grow from 2.1 billion in 2016 to ~2.5 billion in 2019, with smartphone penetration rates increasing as well. ~36% of the world's population is projected to use a smartphone by end-2018, up from ~10% in 2011. With this increase in the smartphone and internet users, the popularity of 4G has increased as well. The number of IoT connections (cellular and non-cellular) will increase more than threefold worldwide between 2017 and 2025, reaching 25 billion. By 2025, licensed cellular IoT connections will reach 3.1 billion worldwide, or 12% of the total IoT connections. As emerging technologies (AI, IoT and advanced data analytics) converge, 5G could play an enabling role in realising their full potential. For example, IoT will require both more pervasive intelligence and a ubiquitous connectivity layer to allow devices to communicate and support the on-demand availability of data analytics. Globally, the industrial connections base will overtake consumer IoT connections by 2023. IoT security spending will increase by 73% to reach US\$195 billion 2019 from US\$113 billion in 2015 and is predicted to grow at an even faster rate after 2020. (Source: GSMA)

Growth drivers

- Funding and innovations: Over the last five years, IoT startups are increasingly being backed by private investors. Some of these companies are also adopting a horizontal business model by establishing their presence across multiple sectors and segments of the IoT value chain. More and more companies are commercialising mobile IoT modules for both LTE-M and NB-IoT, typically supported by software development kits. Some mobile operators and equipment vendors are also establishing open labs to help solution developers test new concepts and certify products.
- Development in connectivity: While the majority of IoT devices – typically in indoor environments – will likely be connected by radio technologies designed for short-range connectivity (such as Wi-Fi, Z-Wave and Zigbee), other IoT devices that require wide-area network coverage, coverage on the move, lower latency and ultra-reliability will likely be primarily connected by cellular networks using licensed spectrum.
- Proliferation across verticals: The number of IoT connections (cellular and non-cellular) will increase more than threefold worldwide between 2017 and 2025, driven by rising adoption of smart solutions in buildings (heating, air conditioning, security, lighting and automation), utilities (energy, water and gas, smart metering and smart grid) and manufacturing (inventory tracking, monitoring and diagnostics, warehouse management).
- Smart cities: Smart city initiatives are on the rise across major metropolitan areas in the US, China, Singapore, India, Qatar and the UAE.
- Smart homes: Smart homes are increasingly becoming a platform for a suite of digital services, applications and devices, and will be the largest source of growth within the consumer segment, driven by their increased demand in areas such as home security, energy usage monitoring, and infrastructure (routers and extenders).

RISKS AND CONCERNS

As our investor, you already understand that risks are part of any business. It is not possible to detail every risk to the business. But, we wanted to provide some information on certain risks including: (a) reduction in consumer and business purchasing; (b) consolidation in our customer base; (c) dependence on communications service providers as our major customers; (d) security; (e) improper disclosure of personal data could result in liability and harm to our reputation; (f) Technology changes and obsolescence may impact our business; (g) recruiting and retention of personnel is challenging; (h) adequately protecting our intellectual property may not be possible; (i) allegations of infringement of third party intellectual property poses risks; (j) variability of our quarterly operating results makes comparisons difficult; (k) non-compliance with statutory obligations may result in fines and penalties; (l) non-compliance with environmental regulations may lead to fines and penalties; (m) foreign exchange fluctuations may lead to variability in our revenue; (n) SEZ related taxation benefits may be uncertain; (o) failure to fulfill contractual obligation may lead to claims; and (p) debt obligations. Below, we will discuss each of these risk factors in some more detail. There are, of course, additional risks faced by us.

Reduction in Consumer and Business Purchasing

We depend on our customers – primarily large communication service providers (“CSPs”). If our primary customers face reduced revenue, we will also face reduced revenue. CSPs primary customers are consumers and businesses. Of course, reductions in spending by consumers or businesses will reduce revenue of CSPs. And, this will result in decreased spending by the CSPs which means reduced revenue for us.

Consolidation in our customer base

CSPs have gone through considerable consolidation. The consolidation, or merger, of one CSP with another can have at least three impacts on us. First, it will simply reduce the overall size of the market; each consolidation effectively reduces the number of potential customers for our products. Secondly, it can and does happen that one of our existing customers can undergo a consolidation. In that event, the other party to the consolidation may have already have competing products and the combined Company may choose to continue with the use of the competing product rather than use our product/ services. Of course, it can also happen that the two companies as one choose to use our products. While the consolidation of two customers will not necessarily reduce our revenue by half, it certainly has an adverse effect on our revenue as the combined Company attempts to reduce their consolidated spending. Thirdly, larger customers simply have more negotiating power leading to reduced prices for our products. The Company strives to have a deep penetration within the accounts that it serves so as to provide an edge over competitors and be a preferred choice during such consolidations.

Dependence on the Communications Service Providers as our major customers

We mentioned above our customers are primarily CSPs. We are fully dependent on CSPs as our major customer base. As a result, we are fully susceptible to any downturns or negative changes in the CSP industry.

Security

You must be well aware that security threats are prevalent everywhere today. This is, perhaps, especially true in the technology industry where we participate. The security vulnerabilities take many forms. Hackers may attempt to compromise computer systems and networks. Fraudsters may attempt to steal the identity of our personnel to gain access to our computer systems, networks and even banking systems. Terror activity could have an adverse impact on our business. We may fail to adequately design our products leaving our customers exposed to hacking and other network vulnerabilities. Perhaps this concern – of failure to adequately design our products leading to exposure of our customer’s information is one of the largest concerns. If one of our customers faced a security breach allegedly as a result of

use of our products, it would cause significant reputational risk to us and may lead to claims against us.

We devote significant resources to mitigate security threats including threats to our internal IT systems, with respect to our products and with respect to physical security of our buildings. But, there cannot be any guarantee that these efforts will avoid security breaches.

Improper disclosure of personal data could result in liability and harm our reputation

You are probably aware of the global trend toward more sensitivity regarding improper disclosure of personal data. This global trend has a number of impacts on us. There are additional laws and regulations in many jurisdictions. This not only leads to increased administrative costs of compliance and increased difficulties in doing business but violations of these laws and regulations involve higher and higher fines and penalties. At the same time, we are storing and processing increasingly large amounts of personal data which leads to increased potential exposure.

We take what we consider to be appropriate steps to provide for the security and protection of all data including personal data. But, despite these efforts, it is possible our practices may not prevent the improper disclosure of personal data. Improper disclosure of this information could harm our reputation, lead to legal exposure, lead to claims against us by customers including claims for indemnification or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

It is important to note that our potential liability for customer financial damages associated with losses of personal data is generally not limited by limitation of liability provisions in customer contracts.

In addition to risks related to improper disclosure of personal data, new laws and regulations are being implemented. One significant new regulation is the European General Data Protection Regulation (“GDPR”) which goes into full effect in May 2018. Compliance efforts related to these laws and regulations is significant and could be a distraction from other activities. Further, even without any actual improper disclosure of personal data, non-compliance could result in large fines. Still further, customer focus on these laws and regulations could delay or jeopardize sales and installations of Subex products.

Technology changes and obsolescence may impact our business

We experience rapid technological changes which could make our technology and services obsolete, less marketable or less competitive. These changes result in our need to continually improve the features, functionality, reliability and capability of our products which poses development challenges and expenses. We may not be able to adapt to these changes successfully or in a cost-

effective way which may adversely affect our ability to compete and retain customers or market share.

While the rapid technological changes require us to change our products, launching new products is also a key element of our growth. An inability to bring new products with high demand to the market in a timely manner will reduce our growth and profitability.

We make strong efforts to put in place processes and methodologies to address these issues and to turn it into a strategic advantage by being in the forefront of technological evolution. For example, regular skill upgradation programs and training sessions that include attending global conferences and employing specialized consultants etc. are undertaken.

Recruiting and Retention of Personnel is challenging

The retention of personnel generally and, in particular, skilled software personnel is a major risk we face. To assist with our recruiting and retention efforts, we attempt to put in place an empowering atmosphere with opportunity for growth, extensive mentoring and career counseling, and the opportunity to work in cutting edge and challenging technologies. Nonetheless, a competitive environment for personnel with the skills we require poses risks and challenges.

Adequately Protecting Our Intellectual Property may not be possible

We operate in a global environment, protecting our proprietary technology in the many different jurisdictions we operate in is challenging. We depend on a combination of technical innovations, as well as copyrights and trade secrets for protection of our technology. We also maintain patent and trademark protection as we deem appropriate. But, some jurisdictions have limited laws protecting technologies. Other jurisdictions, even if they have laws, have limited or difficult enforcement systems. And, even in jurisdictions with adequate laws and enforcement systems, detection of infringement of our rights may be difficult and, even if detected, engaging in litigation to enforce our rights would be expensive.

Departure of our personnel, especially to a competitor, is a particular risk to our technology and intellectual property rights. We generally require all employees and advisors to sign agreements which require that our information is maintained as confidential during and after employment. These agreements also assign or otherwise vest rights in the intellectual property developed by these employees and advisors in the Company. Even so, these agreements may not effectively prevent disclosure of our information or effectively assign rights to us. Further, detection of violation of these agreements may be difficult and it may be difficult to enforce these agreements even when violations are detected. You will understand that any exposure of our information by former

employees or any failure to adequately have rights assigned to us, may have a material adverse effect on our business, financial condition and results of operations.

Allegations of Infringement of Third Party Intellectual Property poses Risks

We may face claims by third parties that our products infringe on their intellectual property rights. Whether or not we prevail in any intellectual property dispute, defending the dispute may be expensive, it may distract our management and other key personnel and its outcome is uncertain. Further, if any of our products are found to infringe the intellectual property rights of others, or if we settle a claim in an adverse manner, it may restrict or prohibit further development, manufacture and sale of our products. And, a loss or adverse settlement may require us to pay substantial damages. We may also be forced to seek licences to continue to use the intellectual property. These licences may not be available on commercially acceptable terms or at all.

Furthermore, we are required to indemnify our customers against third-party claims of infringement of intellectual property arising out of customers' use of our products and services. Typically, our liability for such indemnification is not limited by limitation of liability provisions in customer contracts.

Further, we are often in possession of proprietary information of our customers. This information may be wrongly used or disclosed or may be misappropriated by employees of the Company or others. This would result in a breach of our contractual obligations to our customers. Any such breach may subject us to a significant claim from the customer for damages and may also significantly damage our reputation.

The Company has a consistent program of requiring NDAs before disclosure of Company trade secrets/confidential information to third parties. Employees must sign confidentiality terms as part of employment.

Allegations of infringement of third party intellectual property rights, against us or our customers with respect to our products, or any allegation of breach of our confidentiality obligations to our customers could have a material adverse effect on our business, financial condition and results of operations.

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

Our quarterly operating results have varied in the past due to reasons like seasonal pattern of hardware and software capital spending by customers, information technology investment trends, achievement of milestones in the execution of projects, hiring of additional staff and timing and integration of acquired businesses. Hence, the past operating results and period to period comparisons may not indicate future performance. Our

management is attempting to mitigate this risk through expansion of our client base geographically and increasing steady annuity revenue such as through managed services.

Non-compliance with statutory obligations may result in fines and penalties

We face certain statutory obligations. Some of these obligations arise from the fact that we have registered with Special Economic Zone for software development activities and have availed Customs Duties, Sales Tax and Central Excise exemptions. The non-fulfillment of export obligations or other non-compliance with statutory obligations may result in penalties as stipulated by the Government and this may have an impact on future profitability. The Company has team of in-house attorneys and engages outside counsel/consultants on an as-needed basis in India and the U.S. An ongoing monitoring mechanism has been established with respect to applicable laws.

Non-compliance with Environmental Regulations may lead to fines and Penalties

Software development, being generally a pollution free industry, means we are not subject to significant environmental regulations. Nonetheless, non-compliance with applicable environment regulations may lead to significant fines and penalties. We do adhere to the guidelines for disposing of E-wastes as stipulated by

the E-Waste (Management and Handling) Rules.

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

We have substantial exposure to foreign exchange related risks on account of revenue from export of software and outstanding liabilities. There is a natural hedge to the extent of expense incurred in same currency. Despite this, particularly given the volatility in the foreign exchange market, there could be significant variations.

SEZ related taxation benefits may be uncertain

We in India operate out of Special Economic Zone ("SEZ"). SEZ units currently avail various tax benefits. While tax protection is expected to continue under the GST regime, there is a significant amount of uncertainty around its impact on SEZ units. This could potentially lead to incidence of higher tax.

Failure to Fulfill Contractual Obligation May Lead to Claims

We enter into contracts with our customers in the ordinary course of business under which we are obligated to perform and act according to the contractual terms. Any failure to fulfill these contractual obligations may expose us to financial, reputational and other risks.

Our management believes it has taken sufficient measures to assure it meets its customer contractual obligations. Nonetheless, there cannot be any assurance that a customer will not allege a breach by us of our obligations.

Debt Obligations

The details of the FCCB's of the Company are summarized below:

Particulars	(amount in US\$ million)		
	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on March 08, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on November 02, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance March 31, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on July 06, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity up to March 31, 2016	-	-	(86.85)
Balance as on March 31, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on March 06, 2017	(1.00)	(1.40)	-
Balance as on March 31, 2017	-	-	3.60
Redemption on July 07, 2017	-	-	(3.60)
Balance as on March 31, 2018	Nil	Nil	Nil

As on March 31, 2018, the Company did not have any outstanding FCCB's.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Such internal financial controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards ("IndAS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. Each department of the organization ensured that it had complied with the applicable laws and furnished its report to the Head of department who then along with the Chief Financial Officer discussed on the compliance status of the department. Any matter that required attention was immediately dealt with. The Chief Financial Officer reported to the Audit Committee and the Board on the overall compliance status of the Company. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards information security including the privacy aspects of customer data where applicable. Focused effort on data privacy, align with customer's strategy towards compliance to Global Data Privacy Regulations (GDPR). Information security practices is the base to implement privacy, organization and technological measures in terms of physical and logical access controls are built in to the system. Awareness to employees on the work environment and best practices are imparted through trainings periodically.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis

(₹ in Lakhs)

Financial Highlights/Year Ending March 31 st	2018		2017	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	32,432	17,993	35,733	32,441
Total Income	32,572	18,096	36,887	33,694
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	2,996	314	9,505	5,451
Profit/(Loss) before Exceptional items & tax	2,275	(200)	7,528	4,162
Exceptional Items	1,166	389	(10,890)	(4,591)
Profit/(Loss) before tax	3,441	189	(3,362)	(429)
Tax expenses	1,373	157	961	254
Profit/ (Loss) after tax	2,068	32	4,323	(683)
Other comprehensive income	(240)	(8)	(1,376)	(33)
Equity dividend %	Nil	Nil	Nil	Nil
Share Capital	56,200	56,200	50,691	50,691
Reserves & Surplus	21,745	18,034	17,718	13,035
Net worth	77,945	74,234	68,409	63,726
Gross Property, Plant & equipment and intangible assets	2,137	6,287	1,832	1,015
Net Property, Plant & equipment and intangible assets	719	5,624	923	482
Total Assets	89,768	75,148	95,669	92,463
Key Indicators	2018		2017	
	Consolidated	Standalone	Consolidated	Standalone
Earnings per Share (Year end)	0.37	0.01	(0.85)	(0.13)
Debt (including Working capital) Equity-%	0.15	0.01	0.40	0.45
EBITDA / Sales - %	10.83	5.65	27.99	17.65
Net Profit Margin - %	6.38	0.17	(12.10)	(2.11)
Return on year end Net Worth %	2.35	0.03	(8.33)	(1.12)
Return on year end capital employed % (EBIT/ Capital Employed)	3.84	0.42	13.89	8.55

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

During 2016-17, the Company issued 4,096,290 equity shares towards consideration other than cash upon conversion of FCCBs of principal amount of US\$ 950,000 out of its US\$ 127,721,000 5.70% Secured Convertible Bonds, in accordance with the terms and conditions thereof.

During 2017-18, the Company allotted 55,094,999 equity shares on a preferential basis at ₹14 per share to QVT Singapore Fund Pte. Ltd, Tonbridge (Mauritius) Ltd and Leeds (Mauritius) Ltd (Non-Promoters).

Other Equity

Foreign Currency Translation Reserve

During the year 2017-18, the Company has completed the liquidation of its subsidiary viz. Subex Technologies Inc., USA and accordingly the balance of foreign currency translation reserve amounting to ₹1,166 Lakhs has been credited to profit and loss account.

Balance of Foreign Currency Translation Reserve, arising on consolidation of foreign subsidiaries, of ₹11,821 Lakhs has been included in the Reserves and Surplus.

Securities Premium

Securities Premium Account includes the premium collected on:

- 4,096,290 equity shares that were allotted during the year 2016-17 at a premium of ₹3/- per share on conversion of 0.95 Million FCCB III Bonds.
- 55,094,999 equity shares that were allotted during the year 2017-18 at a premium of ₹4/- per share. The shares were allotted to Non-Promoters, on preferential basis.

Capital Reserve

Pursuant to restructuring, the difference of ₹2,776 between net assets transferred from the Company to Subex Assurance LLP and Subex Digital LLP and capital contribution made by the Company has been recognized as Capital reserve in the books of the Company. (Refer note 31 of standalone financial statements for further details)

Employee Stock Options

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [previously known as Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999], the Company amortizes the excess of market price of the underlying equity shares as on the date of the grant of the option over the exercise price of the option, to be adjusted over the period of vesting. The net amount carried in respect of stock options outstanding at March 31, 2018 amounts to ₹1 Lakh (Previous Year: ₹6 Lakhs).

Short Term Borrowings

As at March 31, 2018, the Company has an outstanding balance of short term borrowings from Axis Bank amounting to ₹3,215 Lakhs (Previous Year: ₹5,216 Lakhs from Axis Bank and ₹3,374 Lakhs from SBI) on a consolidated basis and ₹ Nil (Previous Year: ₹8,590 Lakhs) on a standalone basis.

Balance of loan outstanding to SBI bank was repaid on October 25, 2017, and accordingly, the corporate guarantee by Subex Technologies Limited and Subex (UK) Limited and 100% shares pledged of Subex (UK) Limited have been released.

Pursuant to the restructuring of the Company, balance of loan outstanding from Axis bank was transferred to Subex Assurance LLP. This loan has been secured by primary charge on customers receivables and the current assets of SA LLP and collateral charge on the fixed assets of SA LLP. The Company has also given a corporate guarantee to the lenders of SA LLP for the purpose of availing such working capital loan facilities.

Long Term Borrowings (including current maturities)

Current maturities of long term debt as at March 31, 2018 consists of:

- On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US\$ 3.60 Million (₹2,336 Lakhs) and paid accrued interest of US\$ 0.1 Million (₹67 Lakhs) on the aforesaid bonds. On July 06, 2017, the deferred interest in respect of aforesaid bonds for the period July 06, 2012 to January 06, 2016 amounting to US\$ 0.72 Million (₹467 Lakhs) has been paid. As at March 31, 2018, there are no outstanding FCCBs and related interest [March 31, 2017 US \$ 3.60 Million (₹2,336 Lakhs)].
- During the quarter ended June 30, 2017, Subex Americas Inc., has repaid the term loan of US\$ 12 Million (₹7,782 Lakhs) to the respective lenders on May 15, 2017.

Fixed Assets

On a consolidation basis, the Company added ₹287 Lakhs to its gross block and also disposed off certain assets no longer required. The Company's net block of fixed assets as at March 31, 2018 is ₹719 Lakhs (as at March 31, 2017 was ₹923 Lakhs).

On a standalone basis, the Company added ₹6,283 Lakhs to its gross block which includes the purchase of Intellectual Property Right viz. Data Integrity Management (DIM) amounting to ₹6,078 Lakhs from Subex Americas Inc. The Company disposed off certain assets no longer required and the net block of fixed assets as at March 31, 2018 is ₹5,624 lakhs (as at March 31, 2017 was ₹482 lakhs).

Investments

During the year 2016-17, the Company recognized an amount of ₹6,070 lakhs as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2017 is ₹936 Lakhs. During the year 2017-18, there is no diminution in the carrying value of investments. Accordingly, the carrying value of those investments remains at ₹936 Lakhs.

During the year 2017-18, the Company invested in Limited Liability Partnerships, namely, Subex Assurance LLP and Subex Digital LLP. The consideration was paid in cash amounting to ₹9,990 each.

During the year 2017-18, the Company, in the form of partner's capital contribution, invested an amount of ₹61,564 Lakhs in Subex Assurance LLP and ₹1,869 Lakhs in Subex Digital LLP. The consideration was discharged by means of transfer of assets and liabilities at fair value

Restructuring

Effective November 01, 2017, the Company's RMS business and the Digital business have been transferred to Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") at ₹61,564 Lakhs and ₹1,869 Lakhs, respectively, in the form of Company's capital contribution. The Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and

ownership of the RMS Business and Digital Business remains with the Company post such Restructuring. (Refer note 31 of standalone financial statement for further details).

Trade Receivables

The major customers of the Company are the telecom and cellular operators overseas and in India. The receivables are spread over a large customer base. There is no significant concentration of credit risk on a single customer.

All the debtors are generally considered good and realizable and necessary provision has been made for debts considered to be bad and doubtful. The level of sundry debtors is normal and is in tune with business trends requirements.

The management believes that the overall composition and condition of trade receivables is satisfactory post assessment of doubtful receivables. The Provision for doubtful debts stands at ₹1,346 Lakhs (Previous year ₹2,596 Lakhs) on a consolidated basis and ₹2,228 Lakhs (Previous Year ₹10,408 Lakhs) on a standalone basis. The Company has written off bad debts from the earlier provision for doubtful debts against the aforesaid trade receivables after obtaining necessary approvals.

Cash and Cash Equivalents

The bank balances includes both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹ Nil (Previous Year: ₹126 Lakhs) on Standalone basis and ₹370 Lakhs (Previous Year: ₹258 Lakhs) on consolidated basis with the bankers is for establishing bank guarantee.

Long-terms Loans and Advances

Security Deposits represent rent deposit, electricity deposit, telephone deposits and advances of like nature.

Income

The segment wise break up of income on consolidated basis is given below:

(₹ in Lakhs except percentages)

Particulars	2017-18		2016-17	
	Value	%	Value	%
Software Products	3,193	9.85	4,771	13.35
Software Services	29,239	90.15	30,962	86.65
Total	32,432	100.00	35,733	100.00

Geographically, the Company earns income from export of software products and related services to USA, EMEA & Asia Pacific region.

Other Income

Other income mainly consists of income derived by the Company from write back of withholding taxes paid on interest on FCCB III, interest on deposits from banks and interest on inter-Company loans.

Expenditure

The employee benefits expenses increased to ₹17,471 Lakhs (Previous year: ₹15,871 Lakhs) on consolidated basis and decreased to ₹6,248 Lakhs (Previous year: ₹8,537 Lakhs) on standalone basis.

The Company incurred other administration expenses excluding employee benefit expenses, finance cost, taxes and exceptional items at 37% of its total Income during the year as compared to 31% during the previous year on consolidated basis and 64% of its total income during the year as compared to 58% during the previous year on a standalone basis.

Operating Profits

During the year, on consolidated basis, the Company earned an operating profit before interest, depreciation, tax, amortization and exceptional items of ₹3,427 Lakhs being 11% of total revenue (excluding other income) as against ₹8,909 Lakhs at 25% during the previous year.

On a standalone basis, the Company earned operating profit before Interest, depreciation, tax and exceptional items of ₹947 Lakhs being 5% of total income as against ₹4,687 Lakhs at 14% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹775 Lakhs (Previous year: ₹2,040 Lakhs) on a consolidated basis and ₹547 Lakhs (Previous year: ₹1,505 Lakhs) on a standalone basis. The interest paid/accrued mainly relates to interest on working capital loan.

Depreciation

Depreciation and amortization for the year amounted to ₹517 Lakhs (Previous year: ₹495 Lakhs) on consolidated basis and ₹703 Lakhs (Previous year: ₹273 Lakhs) on standalone basis.

Provision for Tax

The Company has provided for its tax liability in India and overseas after considering the exemptions for income from software services and products under the various applicable tax enactments.

Net Profit/ Total Comprehensive Income

On consolidated basis, the net profit of the Company amounted to ₹2,068 Lakhs, as against a loss of ₹4,323 Lakhs during the previous year. Total comprehensive income for the year is ₹1,828 Lakhs as compared to loss of ₹5,698 Lakhs during previous year.

On standalone basis, the profit of the Company amounted to ₹32 lakhs as against a loss of ₹683 Lakhs during the previous year. Total comprehensive income for the year is ₹24 Lakhs as compared to loss of ₹716 Lakhs during previous year.

Exceptional Item

On a consolidated basis, the Company has completed the liquidation of one of its subsidiary and accordingly the foreign

currency translation gain amounting to ₹1,166 lakhs, has been credited to the statement of profit and loss.

At a standalone level, the Company has shown an income of ₹389 Lakhs pertaining to a reversal of provisioning of inter-Company loans.

Earnings per Share

Earnings/ (loss) per share calculated by dividing profit for the year by the weighted average number of equity share outstanding during the year is of ₹0.37 per share [Previous year: ₹(0.85) per share] on a consolidated basis and ₹0.01 per share [Previous year: ₹(0.13) per share] on a standalone basis.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Subexians

Our greatest assets are our people - Subexians! Subexians are our biggest differentiators and how we define our capability requirements, training needs and retention strategies therefore becomes crucial. The Subex work culture hinges on our core values of Fairness, Innovation and Commitment and nurtures initiative and creativity, bringing out the best in every Subexian. We know that when our teams realize their full potential, we can achieve our broader business goals. Our employees are spread across the globe and the larger centers are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2018, we had 905 full time Subexians on our rolls globally.

Human Resources at Subex is centralized at our corporate headquarters in Bengaluru, with regional HR teams providing local support aligned to the global HR strategy. The HR team provides a competitive edge to the business by enabling and supporting a very unique business model of value based delivery, processes and programs on global product development and delivery capabilities on one hand and complex distributed managed services delivery capabilities on the other. HR at Subex consistently strives to adopt leading best practices in designing and deploying HR process and programs across various areas like recruitment, total rewards management, talent management, organizational development, performance management, change management, learning and development, etc.

In Subex, we firmly believe that people, when motivated are the true drivers behind Organizational success. It is important to create an enjoyable work environment to keep them engaged and happy. We have reviewed and redefined the HR policies like work from home, sabbatical, continuous learning and certification to make it more employee friendly. We have also amended our maternity

policy in line with the resolution passed by the Parliament that provides for an increased maternity leave for our lady employees. In addition to this we have also introduced Happy Feet-a day care facility within the premises for employees to bring their young ones to work and have them being taken care by a professional team of child care experts. We have introduced various other initiatives like quizzes, fun at work, employee-management connect sessions to engage with the workforce and align the employee goals with goals of the organization. Attrition for the year stands at 21%.

Pursuant to the conclusion of the term of Mr. Surjeet Singh as the Managing Director and CEO of the Company on March 31, 2018 and based on the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on March 21, 2018 appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company for a period of three years with effect from April 01, 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Ashwin Chalapathy, Non-Executive, Non-Independent Director, resigned from the Board with effect from May 04, 2018.

The adverse effects on forests, pollution, resultant chemical elements in the atmosphere have all contributed to global warming and is harming the environment. As a socially responsible corporate entity we want to safeguard and protect our environment. We have initiated some go-green programs. This varies from encouraging carpooling to handing over saplings to our new joiners.

Recruitment

During the year, the recruitment team had to execute a well thought out manpower planning and analysis exercise and adopt global recruitment best practices to fulfill the organization's talent requirements. In addition to the well established processes like "Coffee with the Hiring Manager", "Post-offer feedback", Subexian referral program, partner feedback, interviewer feedback, Buddy Programme etc., which are already entrenched in the Subex way of adding talent to our team, the focus this year was on optimising the overall recruitment cost by adopting innovative recruitment approaches.

The main sources for hires were referrals from Subexians (the best bring the best!), direct search, campus recruitments, website postings and walk-ins. We explored innovative processes on the campus recruitment side, where we introduced a process of "hiring for learnability". This process, we believe, will add scalability to our model while continuing to give us great technical talent like we have had before.

One of the key focus areas that your Company has set, in the previous year, of adding the capability of doing "just-in-time" recruitment for the managed services part of the business, has

yielded results and this helped a lot on mobilizing Managed Services projects within the permissible time, without having to carry a large bench strength.

Keeping the dynamism in the market and the business needs, we have also started a program of proactively hiring fresh graduates and junior resources who will go through our comprehensive training programs to be business ready.

Induction and Training

Welcoming new Subexians into our fold continues to be extremely critical for us. We believe that the quality of induction that new hires go through determines how successful they are in the Company and has a huge impact on retention. We have customized the induction based on the role and function that new Subexians join in. This has resulted in having more targeted induction, yielding greater benefits. The new hire training is then followed up with an on-the-job training to strengthen the knowledge and skills learnt during the training period.

On the learning and development side, the focus this year was to customize the training programs to the individual business need. A Training Need Analysis was done for each business unit to align the need to the goals. A competency matrix of employees is being implemented with the aim of improving the efficiency through personalized skill and knowledge development. Subex Academy is a Global Learning and Development Platform (supporting instructor led training, on the job learning, as well as e-learning) that enable a role based curriculum led approach to learning, while streamlining the training process as well as ensuring global reach and appropriateness of content. This automated platform added significant value to training identification, design, delivery and evaluation. L&D Organization delivered 57 different training programmes apart from product trainings in this financial year. As these training programmes were customized, the rating received has been the highest compared to the last 3 years. This process is expected to improve the retention of talent as well as overall skill and knowledge level of Subexians.

Performance Management System

Foundation Competencies are the basic value based competencies

required by all in Subex. Excel competencies are those that are required to do your current job really well. Lead Competencies focus on the future needs and are the skills required to succeed in leadership roles. Technical Competencies take care of the core areas of the role - knowledge about our products, the various technologies and domains. These, along with the KRAs help build and reinforce the performance oriented culture at Subex.

Productivity and a high performance culture are the games of today's corporates. It is important to equip the employees with right set of tools to help drive the performance culture. In line with this thought we have migrated to Enterprise solution (Success Factors) for conducting performance management. This helps us adopt some of the best practices from the industry while being flexible to customize the systems as per our internal need. We believe constant coaching and feedback would help in maximizing the potentials of the individuals and prepare them for the future. Keeping this in mind, we have also tuned our Performance Management system to factor a quarterly review of goals and performance.

Compensation

Compensation at Subex is multi-dimensional and consists of fixed salary, variable salary, benefits, health and disability insurance, etc.

The Company benchmarks its compensation package against industry data and strives to achieve a balanced position. The Company provides robust and comprehensive cash compensation and benefits as per industry trends. We also arrive at the salary bands of Subexians by conducting comprehensive job matching, data validation and quality audits.

Your Company focuses a lot on Employee reward and recognition programme, as this is another important motivational aspect. We have consistently recognized 48% Subexians globally for their contributions and deliverables through our Rewards and Recognition Programme "STAR". This translates to a significant number of Subexians receiving awards which are monetary.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of Subex Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2018, the Standalone Statement of Profit and Loss, including Other Comprehensive Income, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone cash flows and standalone changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its standalone profit including other comprehensive income, its standalone cash flows and the standalone changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Standalone Ind AS Financial Statements;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive

Income, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Standalone Ind AS Financial Statements;

- (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors of the Company as on March 31, 2018, and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company, refer to our separate Report in "Annexure 2" to this report; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer note 35 (b) to the Standalone Ind AS Financial Statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 04, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Subex Limited

Statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i) (c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans to directors including entities in which they are interested and in respect of loans and advances given, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 35(b)(iii) to the Standalone Ind

AS Financial Statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.

- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act for the products/services of the Company.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance,

income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given by the management, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Disputed amount* (₹ in Lakhs)	Amount paid/ refund adjusted under protest (₹ in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing, disallowances under section 10A and other disallowances	3,382	724	2012-13	Income Tax Appellate Tribunal ('ITAT'), Bangalore #
		379	30	2010-11	Hon'ble High Court of Karnataka
		10	-	2009-10	Commissioner of Income Tax (Appeals), Bangalore
		346	-	2006-07	Commissioner of Income Tax (Appeals), Bangalore
		4	4	2005-06	Deputy Commissioner of Income Tax (Appeals), Bangalore
		80	141	2004-05	Hon'ble High Court of Karnataka
		211	212	2003-04	Hon'ble Supreme Court of India
Finance Act, 1994	Service tax	1,004	924	April 2006 to October 2007	Central Excise and Service Tax Appellate Tribunal, Bangalore
		3,608	-	April 2006 to July 2009	Commissioner of Service Tax, Bangalore

* Excluding penalty and interest from the date of Order to March 31, 2018.

In respect of amount disputed for the year 2012-13, the Company has obtained a stay order from ITAT.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by the way of initial public offer / further public offer (including debt

instruments) and term loans during the year. Hence, reporting under paragraph 3(ix) of the Order is not applicable to the Company and hence not commented upon.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, we report that no

fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 35(b)(iii) to the Standalone Ind AS Financial Statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and on an overall examination of the balance sheet, the Company has complied with provisions of section 42

of the Act in respect of the preferential allotment/ private placement of shares and amounts raised, have been used for the purposes for which the funds were raised. Further, the Company has not made any preferential allotment/ private placement of fully or partly convertible debentures during the year under review.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given by the management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 04, 2018

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Subex Limited

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of and for the year ended March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business,

including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or

timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 04, 2018

Standalone balance sheet as at March 31, 2018

(₹ in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	29	362
Intangible assets	4	5,595	120
Financial assets			
Investments	5	64,406	65,701
Loans	6	35	349
Other balances with banks	7	-	126
Other financial assets	10	234	234
Income tax assets (net)	11	2,494	1,873
Deferred tax asset	12	425	478
Other non-current assets	13	288	564
		73,506	69,807
Current assets			
Financial assets			
Loans	6	6	180
Trade receivables	8	1,364	18,966
Cash and cash equivalents	9	211	151
Other financial assets	10	-	2,536
Other current assets	13	61	823
		1,642	22,656
Total assets		75,148	92,463
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	50,691
Other equity	15	18,034	13,035
Total equity		74,234	63,726
Liabilities			
Non-current liabilities			
Provisions	20	1	250
		1	250
Current liabilities			
Financial liabilities			
Borrowings	16	-	8,590
Trade payables	17	415	14,383
Other financial liabilities	18	49	3,472
Other current liabilities	19	51	1,216
Provisions	20	112	266
Income tax liabilities (net)	21	286	560
		913	28,487
Total liabilities		914	28,737
Total equity and liabilities		75,148	92,463
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

Place: Bengaluru

Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN : 06563872

Poornima Kamalaksh Prabhu

Director

DIN: 03114937

Place: Bengaluru

Date: May 04, 2018

Anil Singhvi

Chairman & Director

DIN : 00239589

Mehernaz Dalal

Chief Financial Officer

Nisha Dutt

Director

DIN : 06465957

Standalone statement of profit and loss for the year ended March 31, 2018

(₹ in Lakhs)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
1 Income			
Revenue from operations	22	17,993	32,441
Share of profit/ (loss), (net), from Limited Liability Partnerships	23	37	-
Other income	24	66	1,253
Total income		18,096	33,694
2 Expenses			
Employee benefits expense	25	6,248	8,537
Finance costs	26	547	1,505
Depreciation and amortization expense	27	703	273
Other expenses	28	10,798	19,217
Total expenses		18,296	29,532
3 (Loss)/ profit before exceptional items and tax expense (1-2)		(200)	4,162
4 Exceptional items (net)	29	389	(4,591)
5 Profit/ (loss) before tax expense (3+4)		189	(429)
6 Tax expense (net):	21		
Current tax (credit)/charge		(53)	94
Provision - foreign withholding taxes (net)		157	254
MAT charge/ (credit)		53	(94)
		157	254
7 Net profit/ (loss) for the year (5-6)		32	(683)
8 Other comprehensive income ('OCI'), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurement loss on defined benefit plans		(8)	(33)
		(8)	(33)
9 Total comprehensive income for the year attributable to equity holders of the Company (7+8)		24	(716)
10 Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2017: ₹ 10)]	30	0.01	(0.13)
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN: 06563872

Poornima Kamalaksh Prabhu
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Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN: 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN: 06465957

Standalone statement of changes in equity for the year ended March 31, 2018

A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares**	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						Total
	Reserves and surplus						
	Equity component of compound financial instruments	Capital reserve	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	
As at April 1, 2016	259	-	24,378	1,780	16	(12,996)	13,437
Less: Loss for the year	-	-	-	-	-	(683)	(683)
Less: Other comprehensive income	-	-	-	-	-	(33)	(33)
Add/ (less): On account of conversion of FCCBs	(54)	-	123	-	-	255	324
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	-	(10)	-	(10)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2017	205	-	24,501	1,780	6	(13,457)	13,035
Add: Profit for the year	-	-	-	-	-	32	32
Less: Other comprehensive income	-	-	-	-	-	(8)	(8)
Add/ (less): On account of repayment of FCCBs*	(205)	-	-	-	-	205	-
Add: Additions during the year on account of preferential issue of equity shares**	-	-	2,204	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	-	(5)	-	(5)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
Add: On account of restructuring (refer note 31)	-	2,776	-	-	-	-	2,776
As at March 31, 2018	-	2,776	26,705	1,780	1	(13,228)	18,034

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the standalone financial statements

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/(deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

Place: Bengaluru

Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN : 06563872

Poornima Kamalaksh Prabhu

Director

DIN: 03114937

Place: Bengaluru

Date: May 04, 2018

Anil Singhvi

Chairman & Director

DIN : 00239589

Mehernaz Dalal

Chief Financial Officer

Nisha Dutt

Director

DIN : 06465957

Standalone statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) Operating activities		
Profit/(loss) before tax expense	189	(429)
<i>Adjustments to reconcile profit/(loss) before tax expense to net cash flows:</i>		
Depreciation of property, plant and equipment	155	241
Amortisation of intangible assets	548	32
Loss/ (gain) on disposal of property, plant and equipment (net)	2	(1)
Interest income (including fair value changes)	(34)	(215)
Finance costs (including fair value changes)	547	1,505
Provision for doubtful debts and advances (net of reversal)	(182)	1,094
Provisions for doubtful advances no longer required written back (exceptional item)	(389)	(1,579)
Impairment of investment in subsidiaries (exceptional item)	-	6,170
Write back of withholding taxes paid earlier	(30)	(1,037)
Amortised cost of deposits	32	53
Fair value change in financial instruments	(62)	21
Share of profit/ (loss) (net) from Limited Liability Partnership	(37)	-
Net foreign exchange differences	(55)	576
Operating profit before working capital changes	684	6,431
<i>Working capital adjustments:</i>		
(Increase)/decrease in loans	389	1,551
(Increase)/decrease in trade receivables	8,789	187
(Increase)/decrease in other financial assets	453	(1,004)
(Increase)/decrease in other assets	464	(302)
Increase/(decrease) in trade payables	(3,381)	(1,610)
Increase/(decrease) in other financial liabilities	(144)	42
Increase/(decrease) in other current liabilities	(53)	1,143
Increase/(decrease) in provisions	43	(57)
	7,244	6,381
Income tax paid (including TDS, net of refund)	(999)	(495)
Net cash flows from operating activities	6,245	5,886
(B) Investing activities		
Purchase of property, plant and equipment	(203)	(275)
Purchase of intangible assets	(6,080)	(78)
Proceeds from sale of property, plant and equipment	-	2
Additional investment in subsidiaries	-	(100)
Cash transferred pursuant to restructuring (refer note 31)	(1,300)	-
Movement in deposits (net)	89	(67)
Interest received	14	5
Net cash flows used in investing activities	(7,480)	(513)

Standalone statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) Financing activities		
Movement in working capital loans (net)	(3,107)	(1,981)
Interest paid	(975)	(1,189)
Preferential issue of equity shares	7,713	-
Repayment of borrowings (FCCBs)	(2,336)	(2,249)
Net cash flows from/(used in) financing activities	1,295	(5,419)
(D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	60	(46)
Net foreign exchange difference	-	1
Cash and cash equivalents at the beginning of the year	151	196
(E) Cash and cash equivalents at year end (refer note 9)	211	151
Corporate information and significant accounting policies (refer notes 1 & 2)		
The accompanying notes are an integral part of the standalone financial statements		

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

Notes to the standalone financial statements for the year ended March 31, 2018

1. Corporate information

Subex Limited ("the Company" or "Subex") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre ("ROC") – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/ inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring. Also, refer note 31 in this regard.

These standalone financial statements for the year ended March 31, 2018 are approved by the Board of Directors on May 04, 2018.

2. Significant accounting policies

a. Basis of preparation

The standalone financial statements of the Company have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The standalone financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Use of estimates, assumptions and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Revenue recognition

The Company uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Company to estimate the efforts to date as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Notes to the standalone financial statements for the year ended March 31, 2018

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

In accordance with Ind AS 109, the Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Company provides for impairment of investment in subsidiaries. Impairment exists when there is a diminution in value of the investment and the recoverable value of such investment is lower than the carrying value of such investment.

The Company provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(h).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 37).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also, refer note 2(k).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 36.

Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(q) and note 21.

Notes to the standalone financial statements for the year ended March 31, 2018

c. Current/ non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d. Revenue recognition

The Company derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Company, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined on the basis of completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Company has applied the guidance in Ind AS 18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Company has measured the

Notes to the standalone financial statements for the year ended March 31, 2018

revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

The Company collects Goods and Service tax and other taxes as applicable in the respective tax jurisdictions where the Company operates, on behalf of the government and therefore it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in other financial assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized.

Interest

Interest income is recognized as it accrues in the standalone statement of profit and loss using effective interest rate method.

e. Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the standalone statement of profit and loss when the assets are derecognized.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the standalone statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

g. Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management, basis technical assessment:

Notes to the standalone financial statements for the year ended March 31, 2018

The Company has used the following useful lives to provide depreciation on plant and equipment and amortization of intangible assets:

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years
Intellectual property rights	10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Impairment

Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the standalone statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the standalone statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i. Equity investments in subsidiaries

Investments in subsidiaries are classified as non-current investments. Impairment recognized, if any, is reduced from the carrying value.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the standalone statement of profit and loss.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Notes to the standalone financial statements for the year ended March 31, 2018

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in standalone statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability)

Notes to the standalone financial statements for the year ended March 31, 2018

is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the standalone statement of profit and loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

Compound financial instruments in the form of Foreign Currency Convertible Bonds ("FCCBs") are separated into liability and equity components based on the terms of the contract. On issuance of the Foreign Currency Convertible Bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in other equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from other equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Foreign Currency Convertible Bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Notes to the standalone financial statements for the year ended March 31, 2018

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Standalone statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) for the period is adjusted for the effects of transactions of a non-cash nature or any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

n. Employee share based payments

The Company measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the standalone statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the standalone statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to 'Surplus/ (deficit) in the statement of profit loss'.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated

Notes to the standalone financial statements for the year ended March 31, 2018

absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the standalone statement of profit and loss and are not deferred.

The Company presents the entire compensated absences balance as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

p. Foreign currencies

Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss.

The Company's standalone financial statements are presented in INR (₹). The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

q. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Notes to the standalone financial statements for the year ended March 31, 2018

r. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

s. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

Notes to the standalone financial statements for the year ended March 31, 2018

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2016	501	7	1	38	547
Additions	252	-	11	12	275
Disposals	(1)	-	-	-	(1)
As at March 31, 2017	752	7	12	50	821
Additions	193	1	1	8	203
Disposals	(1)	-	-	(2)	(3)
Transfer on account of restructuring (refer note 31)	(884)	(7)	-	(52)	(943)
As at March 31, 2018	60	1	13	4	78
Depreciation					
As at April 1, 2016	204	2	-	12	218
Charge for the year	227	2	2	10	241
Disposals	-	-	-	-	-
As at March 31, 2017	431	4	2	22	459
Charge for the year	145	1	2	7	155
Disposals	(1)	-	-	-	(1)
Transfer on account of restructuring (refer note 31)	(531)	(5)	-	(28)	(564)
As at March 31, 2018	44	-	4	1	49
Net block					
As at March 31, 2017	321	3	10	28	362
As at March 31, 2018	16	1	9	3	29

4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights*	Total
Cost			
As at April 1, 2016	117	-	117
Additions	78	-	78
Disposals	-	-	-
As at March 31, 2017	195	-	195
Additions	2	6,078	6,080
Disposals	-	-	-
Transfer on account of restructuring (refer note 31)	(67)	-	(67)
As at March 31, 2018	130	6,078	6,208
Amortization			
As at April 1, 2016	43	-	43
Amortization for the year	32	-	32
Disposals	-	-	-
As at March 31, 2017	75	-	75
Amortization for the year	65	483	548
Disposals	-	-	-
Transfer on account of restructuring (refer note 31)	(10)	-	(10)
As at March 31, 2018	130	483	613
Net block			
As at March 31, 2017	120	-	120
As at March 31, 2018	-	5,595	5,595

*The Company, vide agreement dated June 7, 2017, purchased Intellectual Property Rights ("IPR"), pertaining to its Network Analytics portfolio from its subsidiary Subex Americas Inc., for a purchase consideration of US\$ 9.4 Million (₹ 6,078 Lakhs) based on valuation carried out by an external valuer. The aforesaid acquisition would enable the Company to consolidate the Intellectual Property Rights embedded in various software products, which would enhance the product offering portfolio of the Company.

Notes to the standalone financial statements for the year ended March 31, 2018

5. Investments

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Investments carried at cost*		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2017: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2017: ₹ 76,560 Lakhs)]	936	936
4,999,994 (March 31, 2017: 4,999,994) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2017: ₹ 500 Lakhs)]	-	-
Nil (March 31, 2017: 5,039,565,245) equity shares of GBP 0.00001 each fully paid-up in Subex (UK) Limited**	-	64,738
Nil (March 31, 2017: 1) equity shares of AED 150,000 each fully paid-up, in Subex Middle East (FZE)**	-	27
	936	65,701
B. Investment in limited liability partnership firms (refer note 1, 23 & 31)		
Investment in Subex Assurance LLP in form of capital contribution of ₹ 61,564 Lakhs and share of profit of ₹ 635 Lakhs for the period ended March 31, 2018	62,199	-
Investment in Subex Digital LLP in form of capital contribution of ₹ 1,869 Lakhs and share of loss of ₹ 598 Lakhs for the period ended March 31, 2018	1,271	-
	63,470	-
Total Investments carried at cost (A+B)	64,406	65,701
Aggregate amount of unquoted investments in subsidiaries	141,466	142,761
Aggregate amount of impairment on investments	77,060	77,060
	64,406	65,701

* As at March 31, 2018, the Company has assessed the carrying value of the investment in its subsidiaries, based on future operational plan, projected cash flows and valuation carried out by an external valuer. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2018 is appropriate.

**Pursuant to the restructuring, Subex Limited has transferred its investment in equity shares of wholly owned subsidiaries Subex (UK) Limited and Subex Middle East (FZE) to Subex Assurance LLP. Also, refer note 31.

6. Loans

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Loans to related parties (refer note 33)		
Considered good	-	-
Considered doubtful	1,706	2,095
Less: Allowances for doubtful loans and advances	(1,706)	(2,095)
	-	-
Others (considered good)		
Security deposits	35	349
	35	349
Current (considered good)		
Loans and advances to employees	6	180
	6	180

Notes to the standalone financial statements for the year ended March 31, 2018

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other bank balances (refer note 9)		
Margin money deposits	-	126
	-	126

8. Trade receivables*

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Considered good	-	-
Considered doubtful	2,228	10,408
Less: Allowance for doubtful debts**	(2,228)	(10,408)
	-	-
Current		
Considered good	1,364	18,966
	1,364	18,966

*includes dues from related parties. Refer note 33.

**During the year ended March 31, 2018, the Company has written off bad debts amounting to ₹ 1,621 Lakhs (March 31, 2017 : ₹ 4,855 Lakhs) including related party receivables from its allowances for doubtful debts.

As at March 31, 2017, the Company had netted off ₹ 28,735 Lakhs of trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Balance with banks		
In current accounts	211	130
In EEFC accounts	-	21
	211	151
Non-current		
Other balances with banks		
Deposits with remaining maturity for more than 12 months	-	126
	-	126
Less: Disclosed under other balances with banks (Non-current) (refer note 7)	-	(126)
	-	-

For the purpose of the standalone statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

Notes to the standalone financial statements for the year ended March 31, 2018

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance recoverable from former directors [refer note 35(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue	-	2,526
Interest accrued but not due on bank deposits	-	10
	-	2,536

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance income-tax [net of provision for taxation ₹ 612 Lakhs (March 31, 2017: ₹ 665 Lakhs)]	2,494	1,873
	2,494	1,873

12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Minimum alternative tax ('MAT') credit entitlement (refer note 21)	425	478
	425	478

13. Other assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	21	297
	288	564
Current		
Balance with statutory/ government authorities	-	60
Advance recoverable in cash or kind		
Prepaid expenses	48	538
Advance to suppliers	1	169
Expenses incurred on behalf of customers	12	56
	61	823

*Balance represents service tax erroneously paid by the Company during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Notes to the standalone financial statements for the year ended March 31, 2018

14. Share capital

(₹ in Lakhs)

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2016	545,040,000	54,504
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2016	200,000	196
Increase during the year	-	-
As at March 31, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up*		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14(e)]	55,094,999	5,509
As at March 31, 2018*	562,002,935	56,200

*includes 243,207 (March 31, 2017: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has not declared any dividend during the years ended March 31, 2018 and March 31, 2017.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shares held by each shareholder [together with Persons Acting in Concert(PAC)] holding more than 5% shares in the Company Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	27,563,571	4.90	-	-
QVT Singapore Fund Pte. Ltd.	27,531,428	4.90	-	-
QVT Mauritius West Fund & Quintessence Mauritius West Fund	-	-	47,843,816	9.44
Deutsche Bank AG London -CB Account	-	-	17,436,426	3.44
Nomura Singapore Limited	-	-	2,806,956	0.55

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the standalone financial statements for the year ended March 31, 2018

14. Share capital (contd.)

c) Shares reserved for issue under options (No.)

	As at March 31, 2018	As at March 31, 2017
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 36)		
ESOP III	24,055	92,368
ESOP IV	-	28,301
(ii) FCCBs (refer note 16)		
FCCBs III	-	15,522,785
	24,055	15,643,454

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.)		
[In accordance with the terms of FCCBs III, out of the principal face value of US\$ 127.72 Million (₹ 71,593 Lakhs), an amount of US\$ 36.32 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012].	89,335,462	89,335,462

e) During the year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

15. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Equity component of compound financial instruments		
Balance as per last financial statements	205	259
Less: Conversion of FCCBs	-	(54)
Less: Transfer to surplus/(deficit) in the statement of profit and loss*	(205)	-
Closing balance	-	205
Capital reserve		
Balance as per last financial statements	-	-
Add: Additions during the year on account of restructuring (refer note 31)	2,776	-
Closing balance	2,776	-
Securities premium		
Balance as per last financial statements	24,501	24,378
Add: Additions during the year on conversion of FCCBs	-	123
Add: Additions during the year on account of preferential issue of equity shares [refer note 14 (e)]	2,204	-
Closing balance	26,705	24,501

Notes to the standalone financial statements for the year ended March 31, 2018

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	6	16
Less: Compensation on ESOP cancelled/lapsed during the year	(5)	(10)
Add: Deferred stock compensation expenses	-	-
Closing balance	1	6
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(13,457)	(12,996)
Add: Profit/(loss) for the year	32	(683)
Add: Residual portion on account of FCCBs conversion	-	255
Add: Transfer from equity component of compound financial instrument*	205	-
Less: OCI - Remeasurement loss on defined benefit obligations	(8)	(33)
Closing balance	(13,228)	(13,457)
Summary of other equity:		
Equity component of compound financial instruments	-	205
Capital Reserve (refer note 31)	2,776	-
Securities premium account	26,705	24,501
General reserve	1,780	1,780
Employee stock options reserve	1	6
Surplus/(deficit) in the statement of profit and loss	(13,228)	(13,457)
Total other equity	18,034	13,035

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/(deficit) in the statement of profit and loss.

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Foreign currency convertible bonds*		
Current maturities of long-term borrowings (secured)	-	2,277
	-	2,277
Less: Disclosed under other financial liabilities (current) (refer note 18)	-	(2,277)
	-	-
Current		
Loans repayable on demand from banks (Secured)		
Loan type - I [refer note (i) & (iii)]	-	5,216
Loan type - II [refer note (i), (ii) and (iii)]	-	3,374
	-	8,590

Notes to the standalone financial statements for the year ended March 31, 2018

16. Borrowings (contd.)

*Secured FCCBs were carried at amortized cost at an effective interest rate of 9% p.a. (March 31, 2017: 9% p.a.) with maturity date of July 07, 2017. On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US\$ 3.6 Million (₹ 2,336 Lakhs) and paid accrued interest of US\$ 0.1 Million (₹ 67 Lakhs) on the aforesaid bonds. On July 6, 2017, the deferred interest in respect of aforesaid bonds for the period July 6, 2012 to January 6, 2016 amounting to US\$ 0.72 Million (₹ 467 Lakhs) was paid. As at March 31, 2018, there are no outstanding FCCBs and related interest.

(i) The secured loan from banks were secured by primary charge on customer receivables and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company. Pursuant to the restructuring of the Company, Loan type - I was transferred to Subex Assurance LLP and Loan type - II was repaid on October 31, 2017 and the aforesaid security was released.

(ii) Further, the Company had submitted a corporate guarantee by Subex Technologies Limited of ₹ 4,205 Lakhs and Subex (UK) Limited of ₹ 4,205 Lakhs and pledged its 100% shares in Subex (UK) Limited. Pursuant to the restructuring, the loan was repaid on October 31, 2017 and the aforesaid securities have been released.

(iii) Loans repayable on demand from bank as at March 31, 2018 consisted of Cash Credit (CC) ₹ Nil (March 31, 2017: ₹ 2,934 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) ₹ Nil (March 31, 2017: ₹ 1,420 Lakhs) and Export Bill Rediscounting (EBRD) ₹ Nil (March 31, 2017: ₹ 4,237 Lakhs), which carried an average interest rate of 10.14%, 3.10% and 4.16% (March 31, 2017: 11.67%, 3.89% and 5.51%) respectively. During the current year, the facilities in relation to Loan type - I were transferred to Subex Assurance LLP and Loan type - II were repaid, pursuant to the restructuring.

17. Trade payables*

Carried at amortized cost

	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises**	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	415	14,383
	415	14,383

*includes dues to related parties. Refer note 33.

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- for explanations on the Company's credit risk management, refer note 40.

**There are no micro, small and medium enterprises to whom the Company owes any dues as at March 31, 2018 and March 31, 2017. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Other current financial liabilities

Carried at amortized cost

	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Employee related liabilities	49	694
Interest accrued but not due on borrowings	-	501
Current maturities of long term borrowings (refer note 16)	-	2,277
	49	3,472

Notes to the standalone financial statements for the year ended March 31, 2018

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	-	1,001
Statutory dues	51	215
	51	1,216

20. Provisions

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Provisions for employee benefits		
Gratuity [refer note 37(b)]	1	250
	1	250
Current		
Provisions for employee benefits		
Gratuity [refer note 37(b)]	3	31
Leave benefits	9	135
Provision for litigations*	100	100
	112	266

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous years, refer note 35(b) for further details.

21. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Provision for tax [net of advance tax ₹ 234 Lakhs (March 31, 2017: ₹ 202 Lakhs)]	150	182
Provision for foreign taxes	34	276
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2017: ₹ 62 Lakhs)]*	102	102
	286	560

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 35(b) for further details.

Income tax expense in the standalone statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax expense:		
Current tax (credit)/ charge	(53)	94
Provision - foreign withholding taxes (net)*	157	254
MAT charge/ (credit)	53	(94)
	157	254

Notes:

*Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.

Notes to the standalone financial statements for the year ended March 31, 2018

21. Income tax liabilities (net) (contd.)

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit/ (loss) before tax expense	189	(429)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	65	-
Components of tax expense:		
Provision for foreign withholding taxes (net)	157	254
MAT provision at 18.5% on the adjusted book profits of the Company in accordance with the provisions of Income Tax Act, 1961	-	94
Reversal of tax charge in relation to earlier periods	(53)	-
Impact of allowances and disallowances as per Income Tax Act, 1961 (net)	(65)	-
MAT credit entitlement (available)/ reversed on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	53	(94)
Total adjustments (B)	92	254
Total tax expense (A+B)	157	254

22. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	725	1,332
Sale of services	17,268	31,109
	17,993	32,441
Details of products sold		
Sale of license	725	1,168
Sale of hardware and software	-	164
	725	1,332
Details of services rendered		
Implementation and customisation	1,268	3,853
Managed services	2,222	4,035
Support services	2,693	4,498
Sub-contracting services	11,085	18,715
Others	-	8
	17,268	31,109

23. Share of profit/ (loss), (net), from Limited Liability Partnerships*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Share of profit from Subex Assurance LLP	635	-
Share of loss from Subex Digital LLP	(598)	-
	37	-

*refer note 31

Notes to the standalone financial statements for the year ended March 31, 2018

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Write back of withholding taxes paid earlier (refer note 43)	30	1,037
Net gain on disposal of property, plant and equipment	-	1
Miscellaneous income	2	-
Interest income on:		
Security deposits	21	36
Bank deposits	7	11
Inter-company loans and advances	6	168
	66	1,253

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	5,684	7,865
Contribution to provident and other funds	214	331
Staff welfare expenses	350	341
	6,248	8,537

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest		
Foreign currency convertible bonds	95	494
Other borrowings	294	657
Other finance charges	11	21
Bank charges	147	333
	547	1,505

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	155	241
Amortization of intangible assets (refer note 4)	548	32
	703	273

Notes to the standalone financial statements for the year ended March 31, 2018

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cost of hardware, software and support charges	398	574
Sub-contract charges	90	148
Rent	765	1,264
Power and fuel	124	185
Repairs and maintenance		
Building	45	108
Others	322	368
Insurance	57	90
Communication costs	75	98
Printing and stationery	38	27
Traveling and conveyance	1,154	1,909
Rates and taxes	130	66
Advertisement and business promotion	87	128
Consultancy charges	483	553
Payments to auditors [refer note 28(i)]	114	122
Sales commission	54	37
Marketing and allied service charges	6,658	11,676
Provision for doubtful debts (net)	(182)	1,094
Exchange fluctuation loss (net)	311	713
Directors sitting fees	73	49
Loss on sale of fixed assets (net)	2	-
Miscellaneous expenses	-	8
	10,798	19,217

28(i). Payments to the auditors*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit fee	87	100
Tax audit fee	4	4
In other capacity		
Other services (certification services)	15	5
Reimbursement of expenses	8	13
	114	122

*Payment to auditors is exclusive of goods and services tax/ service tax.

29. Exceptional items (net)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Inter company balances [refer note 29(i)]		
Provision for doubtful advances no longer required written back	389	1,579
	389	1,579
(ii) Impairment of investments in subsidiaries [refer note 29(ii)]	-	(6,170)
	-	(6,170)
	389	(4,591)

Notes to the standalone financial statements for the year ended March 31, 2018

29(i) Represent, provision for doubtful advances no longer required written back upon collection of the loans and advances from its overseas subsidiaries which were provided during the year ended March 31, 2016.

29(ii) As at March 31, 2017, basis the valuation carried out by an external valuer, the Company had made an impairment provision of ₹6,070 Lakhs and ₹100 Lakhs towards the carrying value of its investment in its subsidiaries viz., Subex Americas Inc. and Subex Technologies Limited, respectively.

30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2018	Year ended March 31, 2017
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	32	(683)
Weighted average number of equity shares (No. in Lakhs)	5,554	5,063
Earnings/ (loss) per share basic and diluted (₹ per share)*	0.01	(0.13)

*Employee stock options outstanding as at March 31, 2018 and Employee stock options outstanding and foreign currency convertible bonds outstanding as at March 31, 2017 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its Revenue Maximization Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring", subject to shareholders and other requisite approvals, to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.

The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs.

The Company has accounted for the restructuring in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. Accordingly, the difference between net assets transferred and the capital contribution of ₹ 2,776 Lakhs has been recognised as Capital reserve.

Notes to the standalone financial statements for the year ended March 31, 2018

31. Restructuring (contd.)

Balances transferred from Subex Limited to the LLPs pursuant to the restructuring are as follows:

(₹ in Lakhs)

Particulars	SA LLP	SD LLP	Total
Capital contribution (A)	61,564	1,869	63,433
Net assets:			
Assets:			
Property, plant and equipment	356	23	379
Intangible assets	57	-	57
Investment in Subex (UK) Ltd., UK	64,739	-	64,739
Investment in Subex Middle East (FZE), UAE	27	-	27
Loans and advances	742	81	823
Trade receivables	9,039	-	9,039
Cash and cash equivalents	1,000	300	1,300
Other balances with banks	37	-	37
Other current financial assets	2,076	-	2,076
Other current assets	242	3	245
Total assets (B1)	78,315	407	78,722
Liabilities:			
Borrowings	5,483	-	5,483
Trade payables	10,347	241	10,588
Other current financial liabilities	455	46	501
Other current liabilities	1,082	-	1,082
Provisions	382	29	411
Total liabilities (B2)	17,749	316	18,065
Net assets transferred (B=B1-B2)	60,566	91	60,657
Capital reserve (A-B)	998	1,778	2,776

32. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2018	Year ended March 31, 2017
Americas	2,997	5,199
EMEA	10,371	21,047
India	1,607	2,642
APAC and rest of the world	3,018	3,553
	17,993	32,441

*Revenues by geographic area are based on the geographical location of the customer.

Notes to the standalone financial statements for the year ended March 31, 2018

32. Segment reporting (contd.)

No external customer individually accounted for more than 10% of the total revenue of the Company during the years ended March 31, 2018 and March 31, 2017. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company. (Refer note 33).

Non-current operating assets by geographical location are as follows**:

Region	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
India	5,912	1,046
Outside India	-	-
Total non-current operating assets	5,912	1,046

**Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

33. Related party transactions

i. Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Technologies Inc. (liquidated during the year ended March 31, 2018)

Subex Middle East (FZE)

Subex Assurance LLP (w.e.f. April 5, 2018)

Subex Digital LLP (w.e.f. April 5, 2018)

ii. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up to March 31, 2018)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f. April 1, 2018)
	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Sanjeev Aga	Independent Director (Up to October 27, 2016)
Priyanka Roy	Independent Director (Up to March 10, 2017)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

Notes to the standalone financial statements for the year ended March 31, 2018

33. Related party transactions (contd.)

iii. Details of the transactions with the related parties during the year ended March 31, 2018:

(₹ in Lakhs)

A. Transactions with wholly owned subsidiaries	Year ended March 31, 2018	Year ended March 31, 2017
Income from software development and services:		
Subex (UK) Limited	5,394	10,587
Subex Inc.	2,479	3,322
Subex (Asia Pacific) Pte. Limited	2,213	1,886
Subex Americas Inc.	288	1,479
Subex Middle East (FZE)	711	1,441
	11,085	18,715
Marketing and allied service charges:		
Subex (UK) Limited	2,710	5,153
Subex Inc.	3,315	5,149
Subex Americas Inc.	244	631
Subex (Asia Pacific) Pte. Limited	356	521
Subex Middle East (FZE)	33	222
	6,658	11,676
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	6	168
	6	168
Employee Stock Option expenses allocated to:		
Subex (UK) Limited	-	1
Subex Inc.	-	1
	-	2
Reimbursement of expenses made to:		
Subex Assurance LLP	408	-
Subex Digital LLP	11	-
Subex (Asia Pacific) Pte. Limited	10	35
Subex (UK) Limited	7	29
Subex Americas Inc.	-	5
Subex Inc.	1	1
Subex Technologies Limited	1	1
	438	71
Reimbursement of expenses received from:		
Subex Assurance LLP	756	-
Subex Digital LLP	69	-
Subex (Asia Pacific) Pte. Limited	21	9
Subex (UK) Limited	29	19
Subex Inc.	8	11
Subex Americas Inc.	1	-
	884	39
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	1,173	(1,579)
Subex Inc.	(793)	3
Subex (Asia Pacific) Pte. Limited	(609)	-
Subex (UK) Limited	(148)	-
Subex Technologies Limited	(12)	-
	(389)	(1,576)

Notes to the standalone financial statements for the year ended March 31, 2018

33. Related party transactions (contd.)

(₹ in Lakhs)

A. Transactions with wholly owned subsidiaries	Year ended March 31, 2018	Year ended March 31, 2017
Bad debts written off:*		
Subex (Asia Pacific) Pte. Limited	-	766
Subex Americas Inc.	480	2,637
	480	3,403
Net off of trade receivables from subsidiaries against trade payables to respective subsidiaries during the year:**		
Subex (Asia Pacific) Pte. Limited	-	513
Subex Inc.	-	12,864
Subex (UK) Limited	-	10,665
Subex Americas Inc.	-	4,693
	-	28,735
Investments in equity shares in wholly owned subsidiaries:		
Subex Technologies Limited	-	100
	-	100
Investment made in form of capital contribution:		
Subex Assurance LLP	61,564	-
Subex Digital LLP	1,869	-
	63,433	-
Share of profit/(loss), (net), from Limited Liability Partnerships:		
Subex Assurance LLP	635	-
Subex Digital LLP	(598)	-
	37	-
Impairment on investment during the year:		
Subex Americas Inc.	-	6,070
Subex Technologies Limited	-	100
	-	6,170
Net assets, including investment, transferred pursuant to restructuring (refer note 31):		
Subex Assurance LLP	60,566	-
Subex Digital LLP	91	-
	60,657	-

(₹ in Lakhs)

B. Transactions with key managerial personnel	Year ended March 31, 2018	Year ended March 31, 2017
Salary and perquisites***		
Vinod Kumar Padmanabhan	54	-
Ashwin Chalapathy	45	-
Mehernaz Dalal	44	-
Surjeet Singh	38	17
Ganesh KV	37	77
	218	94

Notes to the standalone financial statements for the year ended March 31, 2018

33. Related party transactions (contd.)

(₹ in Lakhs)

B. Transactions with key managerial personnel	Year ended March 31, 2018	Year ended March 31, 2017
Director sitting fees		
Anil Singhvi	28	22
Nisha Dutt	22	14
Poornima Prabhu	23	-
Sanjeev Aga	-	10
Priyanka Roy	-	3
	73	49

*Bad debts written off during the year ended March 31, 2018 and March 31, 2017 are from allowances for doubtful debts.

**During the year ended March 31, 2017, the Company had netted off trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

***The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Company as a whole.

iv. Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2017: ₹ 770 Lakhs)]	-	2,420
Subex UK Limited [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 148 Lakhs)]	1	6,127
Subex Inc. [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 2,965 Lakhs)]	363	878
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 34 Lakhs (March 31, 2017: ₹ 4,016 Lakhs)]	248	1,188
Subex Middle East (FZE)	-	1,029
Subex Technologies Limited	-	1
Subex Digital LLP	6	-
	618	11,643
Trade payables		
Subex (UK) Limited	-	6,745
Subex Inc.	206	3,679
Subex (Asia Pacific) Pte. Limited	-	992
Subex Americas Inc.	2	1,827
Subex Technologies Limited	-	1
Subex Middle East (FZE)	-	39
Subex Assurance LLP	127	-
	335	13,283
Loans and Advances		
Subex Americas Inc. [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 377 Lakhs)]	-	-
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2017: ₹ 1,718 Lakhs)]	-	-
	-	-
Outstanding guarantees received from (refer note 16):		
Subex Technologies Limited	-	4,205
Subex (UK) Limited	-	4,205
Outstanding guarantees given to:		
Subex Assurance LLP	8,250	-

Notes to the standalone financial statements for the year ended March 31, 2018

34. Disclosure as per Regulation 34(3) and Regulation 53(f) read with Para A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the listing agreement with the Stock Exchanges.

Loans and advances given to wholly owned subsidiaries:

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Americas Inc.*	-	377	377	1,948
Subex Technologies Limited**	1,706	1,718	1,718	1,718
	1,706		2,095	

*Loans and advances to Subex Americas Inc., have been collected and related provision has been written back ₹ 377 Lakhs (March 31, 2017: ₹ 1,579 Lakhs).

**Loans and advances to Subex Technologies Limited is provided as at March 31, 2018: ₹ 1,706 Lakhs (March 31, 2017: ₹ 1,718 Lakhs).

35. Commitments and contingent liabilities

a) Commitments

Operating leases

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ Nil Lakhs (March 31, 2017: ₹ 698 Lakhs).

Future minimum lease payments under non-cancellable operating lease payable within one year and subsequently, from balance sheet date is ₹ Nil (March 31, 2017: ₹ Nil).

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹ 765 Lakhs (March 31, 2017: ₹ 567 Lakhs)

b) Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Income tax demands [refer note (i)]	12,692	6,982
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Corporate guarantee issued by the Company [refer note (iv) below and note 16]	8,250	-
Bank guarantees (furnished to customers)	6	119

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2014, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

Notes to the standalone financial statements for the year ended March 31, 2018

35. Commitments and contingent liabilities (contd.)

ii. Service tax

The Company has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Company had received certain claims from ex-directors for an amount of ₹ 1,293 Lakhs. The aforesaid claims are disputed by the Company and the matter is presently under arbitration with the arbitration tribunal. The management is of the view that these claims are not tenable. Subsequent to the year ended March 31, 2018, in respect of arbitration concerning one of the ex-directors the Honorable Tribunal has passed an award directing the Company to pay a sum of ₹ 700 Lakhs. The Company has filed an application to set aside the order and has also sought an interim stay in this regard. Basis opinion obtained from its legal counsel, the management is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Company has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2017: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Company, and other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2017: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2017: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

With effect from November 1, 2017, the Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 8,250 Lakhs for the purpose of availing of working capital loan facilities by the said subsidiary.

v. The Company has issued comfort letter to provide continued financial support to its subsidiary viz., Subex Americas Inc., to ensure that the entity is able to meet its commitments and liabilities as they fall due and it continues as a going concern.

36. Employee stock options plans ('ESOPs')

The Company during the years 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Notes to the standalone financial statements for the year ended March 31, 2018

36. Employee stock options plans ('ESOPs') (contd.)

Employees stock options details as on the balance sheet date are:

	2017-18		2016-17	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Cancelled, surrendered or lapsed during the year				
ESOP – III	68,313	24.67	52,611	26.54
ESOP – IV	28,301	28.44	1,02,199	28.53
Options outstanding at the end of the year				
ESOP – III	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Options exercisable at the end of the year				
ESOP – III	24,055	18.24	92,368	22.99
ESOP – IV	-	-	28,301	28.44

Details of weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2017-18	2016-17	2017-18	2016-17
ESOP – III	1.26	1.99	10.26 - 54.83	10.26 - 54.83
ESOP – IV	-	0.67	-	28.44

*considering vesting and exercise period

37. Employee benefit plans

a) Provident fund

The Company makes contributions for qualifying employees to Provident Fund which is defined contribution plan. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 198 Lakhs (March 31, 2017: ₹ 281 Lakhs) for Provident Fund contributions.

b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the standalone financial statements for the year ended March 31, 2018

37. Employee benefit plans (contd.)

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
A. Change in defined benefit obligation		
Obligations at beginning of the year	425	406
Service cost	42	56
Interest cost	17	30
Benefits settled	(51)	(101)
Actuarial loss (through OCI)	9	34
Liability transferred pursuant to restructuring (refer note 31)	(420)	-
Obligations at end of the year	22	425
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	144	115
Expected return on plan assets	6	9
Actuarial gain (through OCI)	1	1
Contributions	60	120
Benefits settled	(51)	(101)
Asset transferred pursuant to restructuring (refer note 31)	(142)	-
Plan assets at the end of the year	18	144
Present value of defined benefit obligation at the end of the year	(22)	(425)
Fair value of plan assets at the end of the year	18	144
C. Net liability recognised in the standalone balance sheet	(4)	(281)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
D. Expenses recognised in the standalone statement of profit and loss:		
Service cost	42	56
Interest cost (net)	11	21
Net gratuity cost	53	77
E. Re-measurement gains/(losses) in OCI		
Actuarial loss due to financial assumption changes	-	11
Actuarial loss due to experience adjustments	9	23
Actuarial gain - return on plan assets greater than discount rate	(1)	(1)
Total expenses recognised through OCI	8	33
F. Assumptions		
Discount rate	7.60%	7.00%
Expected return on plan assets	7.00%	7.60%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Notes to the standalone financial statements for the year ended March 31, 2018

37. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
G. Five years pay-outs		
Year 1	3	31
Year 2	3	60
Year 3	3	57
Year 4	3	55
Year 5	3	51
After 5th Year	20	340
H. Contribution likely to be made for the next one year	3	120

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(1)	1	(9)	10
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	1	(1)	16	(15)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(1)	1	(9)	8

38. Capital management

The Company's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Total equity attributable to the share holders of the Company*	74,234	63,726
Borrowings - Current**	-	8,590
Current maturities of long term borrowings***	-	2,277
B. Total loans and borrowings	-	10,867
C. Total capital (A+B)	74,234	74,593
D. Total loans and borrowings as a percentage of total capital (B/C)	-	15%
E. Total equity as a percentage of total capital (A/C)	100%	85%

*The Company has made preferential allotment of equity shares during the current year. Refer note 14(e).

Notes to the standalone financial statements for the year ended March 31, 2018

38. Capital management (contd.)

**As at March 31, 2017 the current borrowings were in the nature of working capital loans from State Bank of India and Axis Bank. During the year, entire loan from State Bank of India has been paid off and loan from Axis bank has been transferred to Subex Assurance LLP pursuant to restructuring (refer note 31).

***Current maturities of long term borrowings as at March 31, 2017 represented FCCBs III of ₹ 2,277 Lakhs and have been repaid on May 15, 2017.

Accordingly, the Company is entirely supported by equity funds as at March 31, 2018.

39. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	-	10
Trade receivables*	1,364	18,966
Unbilled revenue*	-	2,526
Security deposits^	35	349
Loans and advances to employees*	6	180
	1,405	22,031
Cash and cash equivalents and other balances with banks		
Balance with banks#	211	151
Margin money deposits#	-	126
	211	277
Financial liabilities measured at amortized cost		
Employee related liabilities*	49	694
Trade payables*	415	14,383
Interest accrued but not due on borrowings^	-	501
Borrowings^	-	10,867
	464	26,445

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

#These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

40. Financial risk management:

The Company's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i. Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

Notes to the standalone financial statements for the year ended March 31, 2018

40. Financial risk management (contd.)

a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Company's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Company is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,364	18,966
Unbilled revenue	-	2,526
Total	1,364	21,492

The Company evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counter-party credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates for the period the Company was holding the debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's loss before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018*		Year ended March 31, 2017	
	Change in interest rate	Effect on loss before exceptional items and tax expense	Change in interest rate	Effect on profit before exceptional items and tax expense
Working capital loans	+1%	54	+1%	(94)
	-1%	(54)	-1%	94

* The Company does not have any outstanding working capital loans as at March 31, 2018.

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	211	151
Other balances with banks	-	126
	211	277

Notes to the standalone financial statements for the year ended March 31, 2018

40. Financial risk management: (contd.)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2018					
Trade payables	80	-	335	-	415
Borrowings	-	-	-	-	-
Other financial liabilities	-	49	-	-	49
	80	49	335	-	464
As at March 31, 2017					
Trade payables	238	9,399	253	4,493	14,383
Borrowings	-	10,924	-	-	10,924
Other financial liabilities	-	1,199	-	-	1,199
	238	21,522	253	4,493	26,506

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Company has exposures to United States Dollars ('US\$'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

March 31, 2018

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	US\$	GBP	AED	Others	
Financial assets					
Trade receivables	607	1	-	251	859
Other financial assets	-	-	-	-	-
Total financial assets	607	1	-	251	859
Financial liabilities					
Borrowings	-	-	-	-	-
Trade payables	208	-	-	-	208
Other financial liabilities	-	-	-	-	-
Total financial liabilities	208	-	-	-	208
Net financial assets/ (liabilities)	399	1	-	251	651

March 31, 2017

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	US\$	GBP	AED	Others	
Financial assets					
Trade receivables	8,267	6,125	1,668	2,090	18,150
Other financial assets	2,057	-	42	112	2,211
Total financial assets	10,324	6,125	1,710	2,202	20,361
Financial liabilities					
Borrowings	2,786	1,979	73	818	5,656
Trade payables	6,124	6,697	100	683	13,604
Other financial liabilities	2,794	-	3	3	2,800
Total financial liabilities	11,704	8,676	176	1,504	22,060
Net financial assets/ (liabilities)	(1,380)	(2,551)	1,534	698	(1,699)

Notes to the standalone financial statements for the year ended March 31, 2018

40. Financial risk management: (contd.)

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the loss before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.04%. (Previous year ended March 31, 2017: profit before exceptional items to decrease or increase respectively by 0.02%).

41. Standards issued but not yet effective:

Ind AS 115- Revenue from contract with customers:

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognized at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognized at the date of initial application

The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

Ind AS 21 - Appendix B:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements and impact of the aforesaid on its financial statements.

Notes to the standalone financial statements for the year ended March 31, 2018

42. As per section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding years and accordingly, is not required to spend any amount during the current year for this purpose. Accordingly, the Company has not made any expenditure during the year ended March, 2018. Subsequent to the year end, on April 20, 2018, the Company has voluntarily incurred an expense of ₹ 10 lakhs towards CSR activities.
43. The Company had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, are recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group has adjusted withholding taxes of ₹ 30 Lakhs (March 31, 2017: ₹ 1,037 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.
44. The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2018 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone financial statements, particularly on account of tax expense and that of provision for taxation.
45. Consequent to the restructuring more fully described in note 1 and 31, the current year figures are not comparable to previous year figures. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

FORM AOC 1

(Information in respect of each subsidiary to be presented)

(₹ in Lakhs)

Particulars	Name of the subsidiary								
	Subex (Asia Pacific) Pte Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Inc.	Subex Technologies Ltd.***	Subex Middle East	Subex Tech- nologies Inc^	Subex Assurance LLP	Subex Digital LLP
Reporting period of the subsidiary concerned	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	-	April 5, 2017 to March 31, 2018	April 5, 2017 to March 31, 2018
Reporting Currency	SGD	GBP	US\$	US\$	INR	AED	-	INR	INR
Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	49.82	92.28	65.17	65.17	1.00	17.75	-	1.00	1.00
Share Capital/Partners Capital and current account	3,986	41	49,806	-	500	27	-	62,200	1,271
Reserve & surplus	(3,205)	5,576	(44,691)	(2,985)	(475)	32	-	-	-
Total Assets	1,661	13,903	5,544	2,631	87	809	-	77,493	1,780
Total Liabilities	880	8,286	429	5,616	62	750	-	15,293	509
Investments	-	4,482	1	-	-	-	-	21,476	-
Turnover*	2,992	16,398	851	9,353	-	1,132	-	12,813	33
Profit/(loss) before tax	(550)	(5,391)	6,266	128	4	83	-	1,125	(598)
Profit/(loss) after tax	(654)	(5,308)	6,264	86	4	(14)	-	635	(598)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of Shareholding**	100%	100%	100%	100%	100%	100%	-	100%	100%
Date of acquisition	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	-	April 5, 2017	April 5, 2017

^ Liquidated during the year.

* Turnover Includes Intercompany Transactions

** including % of holding either directly or indirectly through subsidiaries.

*** Represents non-operating company.

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of Subex Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Company, which are incorporated in India as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors of the the Holding Company and its Subsidiary Company is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its Subsidiary Company, which are incorporated in India, refer to our separate report in "Annexure I" to this report; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 34 (b) to the Consolidated Ind AS Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company, which are incorporated in India during the year ended March 31, 2018.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 04, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Subex Limited

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Holding Company") and its Subsidiary Company, which are incorporated in India, as of and for the year ended March 31, 2018 in conjunction with our audit of the Consolidated Ind AS Financial Statements of Subex Limited and its Subsidiary Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting criteria established by the Holding Company and its Subsidiary Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company and its Subsidiary Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its Subsidiary Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion

or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary Company, which are incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal controls over financial reporting criteria established

by the Holding Company and its Subsidiary Company considering the essential components of internal controls stated in the Guidance Note.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 04, 2018

Consolidated balance sheet as at March 31, 2018

(₹ in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	656	785
Goodwill on consolidation	5	65,882	65,882
Other intangible assets	4	63	138
Financial assets			
Loans	6	439	399
Other balances with banks	7	75	258
Other financial assets	10	234	234
Income tax assets (net)	11	2,810	1,977
Deferred tax assets	12	552	478
Other non-current assets	13	537	564
		71,248	70,715
Current assets			
Financial assets			
Loans	6	134	196
Trade receivables	8	9,290	11,851
Cash and cash equivalents	9	3,007	7,386
Other balances with banks	7	295	-
Other financial assets	10	5,250	4,508
Other current assets	13	544	1,013
		18,520	24,954
Total assets		89,768	95,669
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	50,691
Other equity	15	21,745	17,718
Total equity		77,945	68,409
Liabilities			
Non-current liabilities			
Provisions	20	280	297
Deferred tax liabilities(net)	21	826	-
		1,106	297
Current liabilities			
Financial liabilities			
Borrowings	16	3,215	8,590
Trade payables	17	1,331	1,805
Other financial liabilities	18	1,511	11,922
Other current liabilities	19	3,230	3,085
Provisions	20	712	677
Income tax liabilities (net)	22	718	884
		10,717	26,963
Total liabilities		11,823	27,260
Total equity and liabilities		89,768	95,669
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

Place: Bengaluru

Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN : 06563872

Poornima Kamalaksh Prabhu

Director

DIN: 03114937

Place: Bengaluru

Date: May 04, 2018

Anil Singhvi

Chairman & Director

DIN : 00239589

Mehernaz Dalal

Chief Financial Officer

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of profit and loss for the year ended March 31, 2018 (₹ in Lakhs)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
1 Income			
Revenue from operations	23	32,432	35,733
Other income	24	140	1,154
Total income		32,572	36,887
2 Expenses			
Employee benefits expense	25	17,471	15,871
Finance costs	26	775	2,040
Depreciation and amortization expense	27	517	495
Other expenses	28	11,534	10,953
Total expenses		30,297	29,359
3 Profit before exceptional items and tax expense (1-2)		2,275	7,528
4 Exceptional items (net)	29	1,166	(10,890)
5 Profit/ (loss) before tax expense (3+4)		3,441	(3,362)
6 Tax expense (net)(refer note 22):			
Current tax (credit)/ charge		(171)	243
Provision - foreign withholding taxes (net)		789	812
MAT charge/ (credit)		53	(94)
Deferred tax charge (net)		702	-
		1,373	961
7 Profit/ (loss) for the year (5-6)		2,068	(4,323)
8 Other comprehensive income ('OCI'), net of tax expense			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Net exchange differences on translation of foreign operations		(210)	(1,344)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement loss on defined benefit plans		(30)	(32)
		(240)	(1,376)
9 Total comprehensive income for the year attributable to equity holders of the Company (7+8)		1,828	(5,699)
10 Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2017 : ₹ 10)]	30	0.37	(0.85)
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

Consolidated statement of changes in equity for the year ended March 31, 2018

A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares**	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						Total
	Reserves and surplus					OCI	
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Exchange reserve on consolidation	
As at April 1, 2016	259	24,378	1,780	16	6,935	(10,267)	23,101
Less: Loss for the year	-	-	-	-	(4,323)	-	(4,323)
Less: Other comprehensive income	-	-	-	-	(32)	(1,344)	(1,376)
Add/ (less): On account of conversion of FCCBs	(54)	123	-	-	256	-	325
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	(9)	-	-	(9)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2017	205	24,501	1,780	7	2,836	(11,611)	17,718
Add: Profit for the year	-	-	-	-	2,068	-	2,068
Less: Other comprehensive income	-	-	-	-	(30)	(1,376)	(1,406)
Add: Other comprehensive income - Foreign currency translation reserve gain on liquidation of subsidiary [refer note 29(b)(ii)]	-	-	-	-	-	1,166	1,166
Add/ (less): On account of repayment of FCCBs*	(205)	-	-	-	205	-	-
Add: Additions during the year on account of preferential issue of equity shares**	-	2,204	-	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	(5)	-	-	(5)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2018	-	26,705	1,780	2	5,079	(11,821)	21,745

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the standalone financial statements

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/ (deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

Consolidated statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) Operating activities		
Profit/ (loss) before tax expense	3,441	(3,362)
<i>Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:</i>		
Depreciation of property, plant and equipment	439	459
Amortization of intangible assets	78	36
Gain on disposal of property, plant and equipment (net)	-	(1)
Interest income (including fair value changes)	(54)	(63)
Finance costs (including fair value changes)	775	2,040
Provision for doubtful debts and advances (net of reversal)	(32)	1,203
Impairment of goodwill (exceptional item)	-	10,890
Foreign currency translation reserve gain on liquidation of subsidiary (exceptional item)	(1,166)	-
Write back of withholding taxes paid earlier	(30)	(1,037)
Amortised cost of deposits	50	53
Fair value change in financial instruments	(62)	21
Net foreign exchange differences	250	(320)
Operating profit before working capital changes	3,689	9,919
<i>Working capital adjustments:</i>		
(Increase)/decrease in loans	43	(32)
(Increase)/decrease in trade receivables	2,943	(2,745)
(Increase)/decrease in other financial assets	(395)	(2,174)
(Increase)/decrease in other assets	488	(308)
Increase/ (decrease) in trade payables	(421)	193
Increase/ (decrease) in other financial liabilities	211	(159)
Increase/ (decrease) in other current liabilities	381	1,928
Increase/ (decrease) in provisions	52	8
	6,991	6,630
Income tax paid (including TDS, net of refund)	(1,626)	(1,238)
Net cash flows from operating activities	5,365	5,392
(B) Investing activities		
Purchase of property, plant and equipment	(285)	(604)
Purchase of intangible assets	(2)	(92)
Proceeds from sale of property, plant and equipment	2	2
Movement in deposits (net)	(95)	(29)
Interest received	31	20
Net cash flows used in investing activities	(349)	(703)

Consolidated statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) Financing activities		
Movement in working capital loans (net)	(5,424)	(1,981)
Interest paid	(1,255)	(1,258)
Preferential issue of equity shares	7,713	-
Repayment of term loans	(7,782)	-
Repayment of borrowings (FCCBs)	(2,336)	(2,249)
Net cash flows used in financing activities	(9,084)	(5,488)
(D) Net decrease in cash and cash equivalents (A+B+C)	(4,068)	(799)
Net foreign exchange difference	(311)	(415)
Cash and cash equivalents at the beginning of the year	7,386	8,600
(E) Cash and cash equivalents at year end (refer note 9)	3,007	7,386
Corporate information and significant accounting policies (refer notes 1 & 2)		
The accompanying notes are an integral part of the consolidated financial statements		

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

Notes to the consolidated financial statements for the year ended March 31, 2018

1. Corporate information

Subex Limited ("the Company" or "Subex" or "holding company") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre ("ROC") – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/ inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Also, refer note 31 in this regard.

These consolidated financial statements for the year ended March 31, 2018 comprise financial statements of Subex Limited and its subsidiaries (collectively hereafter referred to as "the Group").

These consolidated financial statements for the year ended March 31, 2018 are approved by the Board of Directors on May 04, 2018.

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the subsidiary	Country of incorporation	% of holding and voting power either directly or indirectly through subsidiaries as at	
		March 31, 2018	March 31, 2017
Subex Americas Inc.	Canada	100	100
Subex (UK) Limited*	United Kingdom	100	100
Subex Inc.	United States of America	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	100	100
Subex Middle East, FZE*	United Arab Emirates	100	100
Subex Technologies Limited**	India	100	100
Subex Technologies Inc. ^	United States of America	-	100
Subex Azure Holdings Inc.**	United States of America	100	100
Subex Assurance LLP***	India	100	-
Subex Digital LLP***	India	100	-

*Pursuant to restructuring, the Company has transferred its investment in Subex (UK) Limited and Subex Middle East, FZE to Subex Assurance LLP w.e.f November 1, 2017. Refer above and note 31.

**Represents non-operating companies.

***Incorporated/ registered on April 5, 2017.

^ Liquidated during the current year.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Notes to the consolidated financial statements for the year ended March 31, 2018

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018 as disclosed in Note 1. Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent, to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in 'Other Equity', in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

Notes to the consolidated financial statements for the year ended March 31, 2018

c. Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Revenue recognition

The Group uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Group to estimate the completed efforts as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 5.

Impairment of financial assets

In accordance with Ind AS 109, the Group assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Group provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(j).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are

Notes to the consolidated financial statements for the year ended March 31, 2018

taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(l).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.

Taxes

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(r) and note 21.

d. Current/ non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

e. Business combination and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes to the consolidated financial statements for the year ended March 31, 2018

f. Revenue recognition

The Group derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Group, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined on the basis of completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Group has applied the guidance in Ind AS 18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Group is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

The Group collects Goods and Service tax and other taxes as applicable in the respective tax jurisdictions where the group operates, on behalf of the government and therefore it is not an economic benefit flowing to the Group. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in other financial assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized.

Interest

Interest income is recognized as it accrues in the consolidated statement of profit and loss using effective interest rate method.

g. Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and

Notes to the consolidated financial statements for the year ended March 31, 2018

loss, as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the consolidated statement of profit and loss when the assets are derecognized.

h. Intangible assets (excluding goodwill on consolidation)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

i. Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management, basis technical assessment:

The Group has used the following useful lives to provide depreciation on plant and equipment and amortization of intangible assets:

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j. Impairment

Financial Assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

Notes to the consolidated financial statements for the year ended March 31, 2018

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

l. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Group becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates

Notes to the consolidated financial statements for the year ended March 31, 2018

to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the consolidated statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

Compound financial instruments in the form of Foreign Currency Convertible Bonds are separated into liability and equity components based on the terms of the contract. On issuance of the Foreign Currency Convertible Bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in other equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from other equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Foreign Currency Convertible Bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external

Notes to the consolidated financial statements for the year ended March 31, 2018

or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Consolidated statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) for the period is adjusted for the effects of transactions of a non-cash nature or any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

o. Employee share based payments

The Group measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to the consolidated financial statements for the year ended March 31, 2018

p. Employee benefits

Employee benefits include provident fund, pension fund, employee state insurance, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds and employee state insurance which are defined contribution schemes, are charged to the consolidated statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the consolidated statement of profit and loss. As required under Ind AS compliant Schedule III, the Group transfers it immediately to 'Surplus/ (deficit) in the statement of profit loss'.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/ losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

The Group presents the entire compensated absences balance as a current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

q. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the consolidated statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

Notes to the consolidated financial statements for the year ended March 31, 2018

r. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

s. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2018

t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

Notes to the consolidated financial statements for the year ended March 31, 2018

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2016	915	23	1	85	1,024
Additions	569	11	11	12	603
Disposals	(1)	-	-	-	(1)
Exchange differences	(11)	(1)	-	(4)	(16)
As at March 31, 2017	1,472	33	12	93	1,610
Additions	267	1	1	16	285
Disposals	(14)	-	-	(2)	(16)
Exchange differences	27	2	-	3	32
As at March 31, 2018	1,752	36	13	110	1,911
Depreciation					
As at April 1, 2016	350	5	-	21	376
Charge for the year	430	7	2	20	459
Disposals	-	-	-	-	-
Exchange differences	(10)	-	-	-	(10)
As at March 31, 2017	770	12	2	41	825
Charge for the year	410	6	2	21	439
Disposals	(12)	-	-	-	(12)
Exchange differences	3	-	-	-	3
As at March 31, 2018	1,171	18	4	62	1,255
Net block					
As at March 31, 2017	702	21	10	52	785
As at March 31, 2018	581	18	9	48	656

4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
Cost		
As at April 1, 2016	131	131
Additions	92	92
Disposals	-	-
Exchange differences	-	-
As at March 31, 2017	223	223
Additions	2	2
Disposals	-	-
Exchange differences	1	1
As at March 31, 2018	226	226
Amortization		
As at April 1, 2016	49	49
Amortization for the year	36	36
Disposals	-	-
Exchange differences	-	-
As at March 31, 2017	85	85
Amortization for the year	78	78
Disposals	-	-
Exchange differences	-	-
As at March 31, 2018	163	163
Net block		
As at March 31, 2017	138	138
As at March 31, 2018	63	63

Note: Refer note 16 for the assets given on security.

Notes to the consolidated financial statements for the year ended March 31, 2018

5. Goodwill on consolidation

Following is the movement of carrying value of Goodwill:

	As at March 31, 2018	As at March 31, 2017
Carrying value as per last financial statement	65,882	76,772
Less: Impairment of goodwill [refer note 29 (i)]	-	(10,890)
Closing balance	65,882	65,882

(₹ in Lakhs)

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

	As at March 31, 2018	As at March 31, 2017
Revenue Management Solutions ('RMS')	62,156	62,156
Data Integrity Management ('DIM')	3,726	3,726
	65,882	65,882

(₹ in Lakhs)

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below:

	As at March 31, 2018	As at March 31, 2017
Growth rate	7% to 31%	8% to 28%
Operating margins	24% to 36%	23% to 29%
Discount rate	12% to 14%	13% to 14%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

As at March 31, 2018, the Group assessed the carrying value of its goodwill along with the carrying value of related CGUs, based on future operational plan, projected cash flows and valuation carried out by an external valuer. Considering the aforesaid valuation, the management is of the view that, the carrying value of its goodwill as at March 31, 2018 is appropriate.

As at March 31, 2017, the Company had recognized a loss on impairment of goodwill related to its RMS CGU of ₹ 4,880 Lakhs and DIM CGU of ₹ 6,010 Lakhs. Also, refer note 29(i).

6. Loans

(Unsecured, considered good)

Carried at amortized cost

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Security deposits	439	399
	439	399
Current		
Loans and advances to employees	134	196
	134	196

(₹ in Lakhs)

Notes to the consolidated financial statements for the year ended March 31, 2018

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other bank balances (refer note 9)		
Margin money deposits	75	258
	75	258
Current		
Other bank balances (refer note 9)		
Margin money deposits	295	-
	295	-

8. Trade receivables

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Considered doubtful	1,346	2,596
Less: Allowances for doubtful debts*	(1,346)	(2,596)
	-	-
Current		
Considered good	9,290	11,851
	9,290	11,851

*During the year ended March 31, 2018, the Group has written off bad debts amounting to ₹ 1,242 Lakhs (March 31, 2017 : ₹ 1,572 Lakhs), from its allowance for doubtful debts.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Balance with banks		
In current accounts	3,006	7,364
In EEFC accounts	-	21
Cash on hand	1	1
A	3,007	7,386
Other balances with banks		
Deposits with remaining maturity for more than 3 months and less than 12 months	295	-
	295	-
Less: Disclosed under Other balances with banks (Current) (refer note 7)	(295)	-
B	-	-
(A+B)	3,007	7,386

Notes to the consolidated financial statements for the year ended March 31, 2018

9. Cash and cash equivalents (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other balances with banks		
Deposits with remaining maturity for more than 12 months	75	258
	75	258
Less: Disclosed under Other balances with banks (Non-current) (refer note 7)	(75)	(258)
	-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue	5,247	4,497
Interest accrued but not due on bank deposits	3	11
	5,250	4,508

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance income-tax [net of provision for taxation ₹ 688 Lakhs (March 31, 2017: ₹ 706 Lakhs)]	2,810	1,977
	2,810	1,977

12. Deferred tax assets (net)*

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Minimum alternative tax ('MAT') credit entitlement (refer note 22)	425	478
A	425	478
Deferred tax assets (net)		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense as per statement of profit and loss	10	-
Losses available for offsetting against future taxable profits	40	-
Provision for employee benefits and others	77	-
B	127	-
(A+B)	552	478

*Also, refer note 22

Notes to the consolidated financial statements for the year ended March 31, 2018

13. Other assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	270	297
	537	564
Current		
Balance with statutory/ government authorities	-	80
Advance recoverable in cash or kind		
Prepaid expenses	418	671
Advance to suppliers	30	193
Expenses incurred on behalf of customers	96	69
	544	1,013

*Balances represents service tax erroneously paid by the Group during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

14. Share capital

	No.	₹ in Lakhs
Authorized share capital		
Equity shares of ₹ 10 each		
As at April 1, 2016	545,040,000	54,504
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2016	200,000	196
Increase during the year	-	-
As at March 31, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up*		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14 (e)]	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200

*includes 243,207 (March 31, 2017: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

Notes to the consolidated financial statements for the year ended March 31, 2018

14. Share capital(contd.)

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Group had not declared any dividend during the year ended March 31, 2018 and March 31, 2017.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shares held by each shareholder [together with Persons Acting in Concert (PAC)] holding more than 5% shares in the Company

Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	27,563,571	4.90	-	-
QVT Singapore Fund Pte. Ltd	27,531,428	4.90	-	-
QVT Mauritius West Fund & Quintessence Mauritius West Fund	-	-	47,843,816	9.44
Deutsche Bank AG London -CB Account	-	-	17,436,426	3.44
Nomura Singapore Limited	-	-	2,806,956	0.55

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(c) Shares reserved for issue under options (No.)

	As at March 31, 2018	As at March 31, 2017
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP III	24,055	92,368
ESOP IV	-	28,301
(ii) FCCBs (refer note 16)		
FCCBs III	-	15,522,785
	24,055	15,643,454

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.)	89,335,462	89,335,462
[In accordance with the terms of FCCBs III, out of the principal face value of US\$ 128 Million (₹ 71,593 Lakhs), an amount of US\$ 36 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012]		

(e) During the year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

Notes to the consolidated financial statements for the year ended March 31, 2018

15. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Equity component of compound financial instruments		
Balance as per last financial statements	205	259
Less: Conversion of FCCBs	-	(54)
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	(205)	-
Closing balance	-	205
Securities premium		
Balance as per last financial statements	24,501	24,378
Add: Additions during the year on conversion of FCCBs	-	123
Add: Additions during the year on account of preferential issue of equity shares [refer note 14 (e)]	2,204	-
Closing balance	26,705	24,501
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	7	16
Less: Compensation on ESOP cancelled/lapsed during the year	(5)	(9)
Add : Deferred stock compensation expenses	-	-
Closing balance	2	7
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	2,836	6,935
Add: Profit/ (loss) for the year	2,068	(4,323)
Add: Residual portion of FCCBs conversion	-	256
Add: Transfer from equity component of compound financial instrument*	205	-
Less: OCI - Re-measurement losses on defined benefit obligations	(30)	(32)
Closing balance	5,079	2,836
Exchange reserve on consolidation		
Balance as per last financial statements	(11,611)	(10,267)
Add: Effect of foreign exchange rate variations during the year	(1,376)	(1,344)
Less: On account of liquidation of foreign subsidiary [refer note 29(ii)]	1,166	-
Closing balance	(11,821)	(11,611)

* Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/ (deficit) in the statement of profit and loss.

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Summary of other equity:		
Equity component of compound financial instruments	-	205
Securities premium account	26,705	24,501
General reserve	1,780	1,780
Employee stock options reserve	2	7
Surplus/ (deficit) in the statement of profit and loss	5,079	2,836
Exchange reserve on consolidation	(11,821)	(11,611)
Total other equity	21,745	17,718

Notes to the consolidated financial statements for the year ended March 31, 2018

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non - current		
Foreign currency convertible bonds*		
Current maturities of long-term borrowings (secured):	-	2,277
Term loans**		
Current maturities of long-term borrowings (unsecured)	-	7,782
	-	10,059
Less: Disclosed under other financial liabilities (current) (refer note 18)	-	(10,059)
	-	-
Current		
Loans repayable on demand from banks (Secured)		
Loan type - I [refer note (i) & (iii)]	3,215	5,216
Loan type - II [refer note (i), (ii) and note (iii)]	-	3,374
	3,215	8,590

* Secured FCCBs were carried at amortized cost at an effective interest rate of 9% p.a. (March 31, 2017: 9% p.a.) with maturity date of July 07, 2017. On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US\$ 3.6 Million (₹ 2,336 Lakhs) and paid accrued interest of US\$ 0.1 Million (₹ 67 Lakhs) on the aforesaid bonds. On July 6, 2017, the deferred interest in respect of aforesaid bonds for the period July 6, 2012 to January 6, 2016 amounting to US\$ 0.72 Million (₹ 467 Lakhs) was paid. As at March 31, 2018, there are no outstanding FCCBs and related interest.

** Represents loan taken by Subex Americas Inc., which had been guaranteed by Subex (UK) Limited. This loan was carried at amortized cost at an effective interest rate of 9.5% p.a. (March 31, 2017: 9.5% p.a.). The loan of US\$ 12 Million (₹ 7,782 Lakhs) has been repaid on May 15, 2017 and the guarantee by Subex (UK) Limited was released.

- (i) The secured loan from banks were secured by primary charge on customer receivables and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company. Pursuant to the restructuring of the Company Loan type - I was transferred to Subex Assurance LLP and Loan type - II was repaid on October 31, 2017 and the aforesaid security was released.

Subsequently Loan type - I is secured by primary charge on customer receivables and current assets of Subex Assurance LLP ("SA LLP"), and collateral charge on the fixed assets of SA LLP.

Further, Loan type - I is also guaranteed by the Company. Also, refer note 34(b)(iv).

- (ii) The Company had submitted a corporate guarantee by Subex Technologies Limited of ₹ 4,205 Lakhs and Subex (UK) Limited of ₹ 4,205 Lakhs and pledged its 100% shares in Subex (UK) Limited. Pursuant to the restructuring, the Loan type - II was repaid on October 31, 2017 and the aforesaid securities have been released.

- (iii) Loans repayable on demand from bank as at March 31, 2018 consisted of Cash Credit (CC) of ₹ Nil (March 31, 2017: ₹ 2,934 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹ 3,215 Lakhs (March 31, 2017: ₹ 1,420 Lakhs), and Export Bill Rediscounting (EBRD) of ₹ Nil (March 31, 2017: ₹ 4,237 Lakhs), which carried an average interest rate of 9.71%, 3.27%, and 4.54% (March 31, 2017: 11.67%, 3.89% and 5.51%) respectively. During the current year, the facilities in relation to Loan type - I were transferred to Subex Assurance LLP and Loan type - II were repaid, pursuant to the restructuring.

Notes to the consolidated financial statements for the year ended March 31, 2018

17. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,331	1,805
	1,331	1,805

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- For explanations on the Group's liquidity risk management, refer note 40.

**There are no micro, small and medium enterprises to whom the Company owes any dues as at March 31, 2018 and March 31, 2017. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Employee related liabilities	1,511	1,362
Interest accrued but not due on borrowings	-	501
Current maturities of long term borrowings (refer note 16)	-	10,059
	1,511	11,922

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	2,086	2,120
Statutory dues	1,144	965
	3,230	3,085

20. Provisions

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	280	297
	280	297
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	89	43
Leave benefits	523	534
Provision for litigations*	100	100
	712	677

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b) for further details.

Notes to the consolidated financial statements for the year ended March 31, 2018

21. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
<u>Deferred tax liabilities</u>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense as per statement of profit and loss	1,693	-
A	1,693	-
<u>Deferred tax assets</u>		
Provision for employee benefits and others	65	-
Losses available for offsetting against future taxable profits	802	-
B	867	-
(A-B)	826	-

22. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for tax [net of advance tax ₹ 250 Lakhs (March 31, 2017: ₹ 367 Lakhs)]	162	235
Provision for foreign taxes	394	487
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2017: ₹ 62 Lakhs)]*	162	162
	718	884

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b) for further details.

Income tax expense in the consolidated statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax expense:		
Current tax (credit)/ charge	(171)	243
Provision - foreign withholding taxes(net) [refer note 22(i)]	789	812
MAT charge / (credit)	53	(94)
Deferred tax charge (net) [refer note 22(ii)]	702	-
Total tax expense	1,373	961

Notes:

22(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.

22(ii) Deferred tax charge, comprises of deferred tax liability arising on account of tax benefits from amortization of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of restructuring.

Notes to the consolidated financial statements for the year ended March 31, 2018

22. Income tax liabilities (net)(contd.)

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit/ (loss) before tax	3,441	(3,362)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	1,191	-
Components of tax expense:		
Provision for foreign withholding taxes (net)	789	812
MAT provision at 18.5% on the adjusted book profits of the Company in accordance with the provisions of Income Tax Act, 1961	-	94
Reversal of tax charge in relation to earlier period	(53)	-
Tax expense/ (reversal) on taxable income of foreign subsidiaries with differential tax rates	(242)	149
Impact of non-taxable income*	(404)	-
Impact of other allowances and disallowances as per Income Tax Act, 1961 (net)	39	-
MAT credit entitlement (available)/ reversed on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	53	(94)
Total adjustments (B)	182	961
Total tax expense (A+B)	1,373	961

*Represents tax impact on foreign currency translation reserve amounting to ₹ 1,166 Lakhs, which is credited to the consolidated statement of profit and loss upon completion of liquidation of its subsidiary. Refer note 29(ii).

23. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	3,193	4,771
Sale of services	29,239	30,962
	32,432	35,733
Details of products sold		
Sale of license	3,193	4,488
Sale of hardware and software	-	283
	3,193	4,771
Details of services rendered		
Implementation and customization	7,504	8,656
Managed services	10,870	10,913
Support services	10,865	11,138
Others	-	255
	29,239	30,962

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Write back of withholding taxes paid earlier (refer note 43)	30	1,037
Net gain on disposal of property, plant and equipment	-	1
Miscellaneous income	56	53
Interest income on:		
Security deposits	31	36
Bank deposits	23	27
	140	1,154

Notes to the consolidated financial statements for the year ended March 31, 2018

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages*	15,674	14,210
Contribution to provident and other funds	1,112	1,127
Staff welfare expenses	685	534
	17,471	15,871

*Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 725 Lakhs (March 31, 2017: ₹ 700 Lakhs).

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest		
Foreign currency convertible bonds	95	494
Term loan	-	464
Other borrowings	326	657
Other finance charges	21	23
Bank charges	333	402
	775	2,040

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	439	459
Amortization of other intangible assets (refer note 4)	78	36
	517	495

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cost of hardware, software and support charges	577	943
Sub-contract charges	1,549	1,603
Rent	1,767	1,803
Power and fuel	210	201
Repairs and maintenance		
Building	128	159
Others	646	500
Insurance	111	112
Communication costs	308	331
Printing and stationery	54	34
Traveling and conveyance	2,549	3,082
Rates and taxes	212	109
Advertisement and business promotion	418	400
Consultancy charges	950	785
Payments to auditors [refer note 28(i)]	201	191
Sales commission	153	123
Provision for doubtful debts (net of reversal)	(32)	1,203
Exchange fluctuation loss/ (gain)(net)	1,650	(698)
Directors' sitting fees	77	53
Loss on sale of fixed assets (net)	2	-
Miscellaneous expenses	4	19
	11,534	10,953

Notes to the consolidated financial statements for the year ended March 31, 2018

28(i). Payments to the auditors*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Statutory auditors		
As auditor		
Audit fee	98	102
Tax audit fee	4	4
In other capacity		
Other services (certification services)	25	5
Reimbursement of expenses	10	14
	137	125
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	62	64
In other capacity		
Reimbursement of expenses	2	2
	64	66
	201	191

*Payment to auditors is exclusive of goods and services tax/ service tax.

29. Exceptional items (net)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss on impairment of goodwill [refer note 29(i)]	-	(10,890)
Foreign currency translation reserve gain on liquidation of foreign subsidiary [refer note 29(ii)]	1,166	-
	1,166	(10,890)

29(i) As at March 31, 2017, the Company had recognized a loss on impairment of goodwill related to its RMS CGU of ₹ 4,880 Lakhs and DIM CGU of ₹ 6,010 Lakhs based on its assessment of the carrying value of its goodwill along with the carrying value of related CGUs as at such date.

29(ii) During the year ended March 31, 2018, the Company has completed the liquidation of its subsidiary viz. Subex Technologies Inc., USA and accordingly the balance of foreign currency translation reserve amounting to ₹ 1,166 Lakhs has been credited to the statement of profit and loss.

30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Notes to the consolidated financial statements for the year ended March 31, 2018

30. Earnings/ (loss) per share (contd.)

Computation of basic and diluted EPS:

	Year ended March 31, 2018	Year ended March 31, 2017
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	2,068	(4,323)
Weighted average number of equity shares (No. in Lakhs)	5,554	5,063
Profit/ (loss) per share basic and diluted (₹ per share)*	0.37	(0.85)

*Employee stock options outstanding as at March 31, 2018 and Employee stock options outstanding and foreign currency convertible bonds outstanding as at March 31, 2017 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its RMS business and Digital business to its subsidiaries, SA LLP and SD LLP, respectively, subject to shareholders and other requisite approvals. The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

The Group has accounted for the restructuring in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. This being an intra group transaction, has been eliminated in full for the purpose of consolidation, except the impact of taxes as described in note 22(ii).

32. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Group's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Group's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2018	Year ended March 31, 2017
Americas	5,322	6,555
EMEA	19,076	20,392
India	2,656	2,835
APAC and rest of the world	5,378	5,951
	32,432	35,733

*Revenues by geographic area are based on the geographical location of the customer.

No customer individually accounted for more than 10% of the total revenue of the group during the years ended March 31, 2018 and March 31, 2017.

Notes to the consolidated financial statements for the year ended March 31, 2018

32. Segment reporting (contd.)

Non-current operating assets by geographical location are as follows**:

Region	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
India	989	1,046
Outside India	267	441
Unallocated***	65,882	65,882
Total non-current operating assets	67,138	67,369

**Non-current operating assets includes Property, plant and equipment, Other intangible assets and Balance with statutory/ government authorities and Prepaid expenses.

***Unallocated represents Goodwill on consolidation. The management is of the view that it is not practically feasible to allocate such goodwill to various regions.

33. Related party transactions

i. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel of the Company:

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up to March 31, 2018)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f April 1, 2018)
	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Sanjeev Aga	Independent Director (Up to October 27, 2016)
Priyanka Roy	Independent Director (Up to March 10, 2017)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

ii. Details of transactions with key management personnel

	(₹ in Lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
Salary and perquisites:*		
Vinod Kumar Padmanabhan	54	-
Ashwin Chalapathy	45	-
Mehernaz Dalal	44	-
Surjeet Singh	586	572
Ganesh KV	37	77
	766	649

Notes to the consolidated financial statements for the year ended March 31, 2018

33. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Director sitting fees		
Anil Singhvi	28	22
Nisha Dutt	22	14
Poornima Prabhu	23	-
Sanjeev Aga	-	10
Priyanka Roy	-	3
	73	49

*The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Group as a whole.

34. Commitments and contingent liabilities

a) Commitments

Operating leases

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ 64 Lakhs (March 31, 2017: ₹ 762 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Within one year	5	64
After one year but not more than five years	-	5
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases amounted to ₹ 1,703 Lakhs (March 31, 2017: ₹ 1,042 Lakhs).

b) Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Income tax demands [refer note (i)]	16,995	8,196
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Bank guarantees (furnished to customers)	321	249
Corporate guarantee issued by Subex Limited [refer note (iii) below and note 16]	8,250	-
Corporate guarantee issued by Subex Technologies Limited and Subex (UK) Limited (refer note 16)	-	4,205

Notes to the consolidated financial statements for the year ended March 31, 2018

34. Commitments and contingent liabilities (contd.)

i. Income tax

The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2014, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Group has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Group had received certain claims from ex-directors for an amount of ₹ 1,293 Lakhs. The aforesaid claims are disputed by the Group and the matter is presently under arbitration with the arbitration tribunal. The management is of the view that these claims are not tenable. Subsequent to the year ended March 31, 2018, in respect of arbitration concerning one of the ex-directors the Honorable Tribunal has passed an award directing the Group to pay a sum of ₹ 700 lakhs. The Group has filed an application to set aside the order and has also sought an interim stay in this regard. Basis opinion obtained from its legal counsel, the management is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Group has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2017: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2017: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2017: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

With effect from November 1, 2017, the Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 8,250 Lakhs for the purpose of availing of working capital loan facilities by the said subsidiary.

v. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 34(a).

Notes to the consolidated financial statements for the year ended March 31, 2018

35. Employee stock options plans ('ESOPs')

The Group during the years 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Employees stock options details as on the balance sheet date are:

Particulars	2017-18		2016-17	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Cancelled, surrendered or lapsed during the year				
ESOP – III	68,313	24.67	52,611	26.54
ESOP – IV	28,301	28.44	1,02,199	28.53
Options outstanding at the end of the year				
ESOP – III	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Options exercisable at the end of the year				
ESOP – III	24,055	18.24	92,368	22.99
ESOP – IV	-	-	28,301	28.44

Details of weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2017-18	2016-17	2017-18	2016-17
ESOP – III	1.26	1.99	10.26 - 54.83	10.26 - 54.83
ESOP – IV	-	0.67	-	28.44

*considering vesting and exercise period.

36. Employee benefit plans

a) Provident fund

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 980 Lakhs (March 31, 2017: ₹ 990 Lakhs) towards Provident Fund and Pension Fund contributions and ₹ 44 Lakhs (March 31, 2017: ₹ 47 Lakhs) towards 401K contribution.

b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the consolidated financial statements for the year ended March 31, 2018

36. Employee benefit plans (contd.)

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
A. Change in defined benefit obligation		
Obligations at beginning of the year	484	453
Service cost	89	76
Interest cost	31	32
Benefits settled	(64)	(108)
Actuarial loss (through OCI)	32	33
Currency translation adjustment	1	(2)
Obligations at end of the year	573	484
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	144	116
Expected return on plan assets	10	9
Actuarial gain (through OCI)	2	-
Contributions	110	120
Benefits settled	(62)	(101)
Plan assets at the end of the year	204	144
Present value of defined benefit obligation at the end of the year	(573)	(484)
Fair value of plan assets at the end of the year	204	144
C. Net liability recognized in the consolidated balance sheet	(369)	(340)

	(₹ in Lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
D. Expenses recognized in the consolidated statement of profit and loss:		
Service cost	89	76
Interest cost (net)	21	23
Net gratuity cost	110	99
E. Re-measurement gains/ (losses) in OCI		
Actuarial loss due to financial assumption changes	(16)	13
Actuarial gain due to experience adjustments	48	20
Actuarial loss - return on plan assets greater than discount rate	(2)	-
Total expenses recognized through OCI	30	33
F. Assumptions		
Discount rate	7.60%	7.00%
Expected return on plan assets	7.00%	7.60%
Salary escalation*	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Notes to the consolidated financial statements for the year ended March 31, 2018

36. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
G. Five years pay-outs		
Year 1	89	43
Year 2	82	70
Year 3	78	65
Year 4	73	62
Year 5	68	57
After 5th Year	458	366

*The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
H. Contribution likely to be made for the next one year	89	120
I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/(decrease)	(12)	13	(10)	11
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/(decrease)	23	(22)	18	(17)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/(decrease)	(12)	13	(12)	9

Notes to the consolidated financial statements for the year ended March 31, 2018

37. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

(a) Contribution of net assets/ (liability) in the consolidated financial statements:

As at and for the year ended March 31, 2018

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	49%	74,234	1%	32	(1%)	(8)	-	24
Indian subsidiaries								
Subex Technologies Limited	-	25	-	(4)	-	-	-	(4)
Subex Assurance LLP	41%	62,262	14%	710	(1%)	(12)	12%	698
Subex Digital LLP	1%	1,279	(12%)	(586)	-	(4)	(10%)	(590)
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	1%	780	(13%)	(655)	(19%)	(179)	(14%)	(834)
Subex (UK) Ltd.	7%	10,098	(16%)	(826)	127%	1,185	6%	359
Subex Americas Inc.	3%	5,115	124%	6,264	(4%)	(37)	105%	6,227
Subex Inc.,	(2%)	(2,983)	2%	87	(2%)	(20)	1%	67
Subex Technologies Inc.	-	-	-	-	-	-	-	-
Subex Middle East	-	59	-	(14)	-	1	-	(13)
Total	100%	150,869	100%	5,008	100%	926	100%	5,934
Adjustments arising out of consolidation	-	(72,924)	-	(2,940)	-	(1,166)	-	(4,106)
Total	-	77,945	-	2,068	-	(240)	-	1,828

As at and for the year ended March 31, 2017

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	95%	63,726	(13%)	(683)	2%	(33)	(18%)	(716)
Indian subsidiaries								
Subex Technologies Limited	-	29	1%	54	-	-	1%	54
Subex Assurance LLP	-	-	-	-	-	-	-	-
Subex Digital LLP	-	-	-	-	-	-	-	-
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	(4%)	(2,378)	17%	892	(13%)	182	27%	1,074
Subex (UK) Ltd.	(16%)	9,733	35%	1,859	124%	(1,705)	4%	154
Subex Americas Inc.	(2%)	(1,181)	57%	3,012	(7%)	102	80%	3,114
Subex Inc.,	(5%)	(3,049)	2%	116	(6%)	81	5%	197
Subex Technologies Inc.	-	-	-	(1)	0%	-	-	(1)
Subex Middle East	-	71	1%	35	0%	(3)	1%	32
Total	100%	66,951	100%	5,284	100%	(1,376)	100%	3,908
Adjustments arising out of consolidation	-	1,458	-	(9,607)	-	-	-	(9,607)
Total	-	68,409	-	(4,323)	-	(1,376)	-	(5,699)

Notes to the consolidated financial statements for the year ended March 31, 2018

38. Capital management

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Total equity attributable to the share holders of the Company*	77,945	68,409
Borrowings - Current*	3,215	8,590
Current maturities of long term borrowings**	-	10,059
B. Total loans and borrowings	3,215	18,649
C. Total capital (A+B)	81,160	87,058
D. Total loans and borrowings as a percentage of total capital (B/C)	4%	21%
E. Total equity as a percentage of total capital (A/C)	96%	79%

*The Company has made preferential allotment of equity shares during the current year. Refer note 14(e).

*The current borrowings are in the nature of working capital loans from banks. The Group has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid current borrowings.

**Current maturities of long term borrowings represented term loans of US\$ 12 Million (₹ 7,782 Lakhs) and FCCBs III of ₹ 2,277 Lakhs and has been duly repaid as on May 15, 2017 and July 07, 2017, respectively.

In order to achieve the aforesaid objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any borrowing in the current year.

39. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	3	11
Trade receivables*	9,290	11,851
Unbilled revenue*	5,247	4,497
Security deposits^	439	399
Loans and advances to employees*	134	196
	15,113	16,954
Cash and cash equivalents and other balances with banks		
Cash on hand#	1	1
Balance with banks#	3,006	7,385
Margin money deposits#	370	258
	3,377	7,644
Financial liabilities measured at amortized cost		
Employee related liabilities*	1,511	1,362
Trade payables*	1,331	1,805
Interest accrued but not due on borrowings^	-	501
Borrowings^	3,215	18,649
	6,057	22,317

Notes to the consolidated financial statements for the year ended March 31, 2018

39. Fair value hierarchy (contd.)

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

#These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value. Accordingly, these are classified as level 3 of fair value hierarchy.

^The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

40. Financial risk management:

The Group's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i. Credit risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

b. Credit risk exposure

The Group's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Group is as below:

	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Trade receivables	9,290	11,851
Unbilled revenue	5,247	4,497
Total	14,537	16,348

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates for the period the Company was holding the debts.

Notes to the consolidated financial statements for the year ended March 31, 2018

40. Financial risk management (contd.)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Change in interest rate	Effect of profit before exceptional items and tax expense	Change in interest rate	Effect of profit before exceptional items and tax expense
Working capital loans	+1%	(60)	+1%	(94)
	-1%	60	-1%	94

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	3,007	7,386
Other balances with banks	370	258
	3,377	7,644

The table below summarizes the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2018					
Trade payables	251	983	95	3	1,331
Borrowings	-	3,215	-	-	3,215
Other financial liabilities	-	1,511	-	-	1,511
	251	5,709	95	3	6,057
As at March 31, 2017					
Trade payables	542	1,000	263	-	1,805
Borrowings	-	18,701	-	-	18,701
Other financial liabilities	-	1,867	-	-	1,867
	542	21,568	263	-	22,373

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('US\$'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Notes to the consolidated financial statements for the year ended March 31, 2018

40. Financial risk management (contd.)

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

As at March 31, 2018					(₹ in Lakhs)
Particulars	Denominated Currency				Total
	US\$	GBP	AED	Others	
Financial assets					
Trade receivables	5,482	-	1,507	842	7,831
Cash and cash equivalents and other bank balances	334	-	54	121	509
Other financial assets	1,109	-	150	181	1,440
Total financial assets	6,925	-	1,711	1,144	9,780
Financial liabilities					
Borrowings	837	793	840	745	3,215
Other financial liabilities	1,306	1	(92)	(160)	1,055
Total financial liabilities	2,143	794	748	585	4,270
Net financial assets/ (liabilities)	4,782	(794)	963	559	5,510

As at March 31, 2017					(₹ in Lakhs)
Particulars	Denominated Currency				Total
	US\$	GBP	AED	Others	
Financial assets					
Trade receivables	6,631	-	1,587	1,670	9,888
Cash and cash equivalents and other bank balances	4,694	-	582	339	5,616
Other financial assets	3,070	-	186	85	3,341
Total financial assets	14,395	-	2,355	2,094	18,845
Financial liabilities					
Borrowings	2,786	1,979	73	818	5,656
Other financial liabilities	3,278	-	191	265	3,734
Total financial liabilities	6,064	1,979	264	1,083	9,390
Net financial assets/ (liabilities)	8,331	(1,979)	2,091	1,011	9,455

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.17% (March 31, 2017: 0.29%).

Notes to the consolidated financial statements for the year ended March 31, 2018

41. Standards issued but not yet effective

Ind AS 115- Revenue from contract with customers:

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognized at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognized at the date of initial application

The standard is effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

Ind AS 21 - Appendix B:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognized on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The standard is effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements and impact of the aforesaid on its financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2018

42. As per section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding years and accordingly, is not required to spend any amount during the current year for this purpose. Accordingly, the Company has not made any expenditure during the year ended March, 2018. Subsequent to the year end, on April 20, 2018, the Company has voluntarily incurred an expense of ₹ 10 lakhs towards CSR activities.
43. The Group had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Group in respect of the aforesaid interest, are recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group has adjusted withholding taxes of ₹ 30 Lakhs (March 31, 2017: ₹ 1,037 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.
44. The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2018 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.
45. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current years's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Anil Singhvi
Chairman & Director
DIN : 00239589

Mehernaz Dalal
Chief Financial Officer

Nisha Dutt
Director
DIN : 06465957

Shareholders' Information

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE 24th ANNUAL GENERAL MEETING (AGM)

Date	July 31, 2018
Venue	The “Grand Ball Room”, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001
Time	2 PM

DATES OF BOOK CLOSURE

From July 25, 2018 to July 31, 2018 (both days inclusive).

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 01, 2018 to March 31, 2019

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2018	– 4 th week of July 2018
For quarter ending September 30, 2018	– 2 nd week of November 2018
For quarter ending December 31, 2018	– 2 nd week of February 2019
For the year ending March 31, 2019	– 4 th week of May 2019

DIVIDEND

The Directors have not proposed any dividend for the financial year 2017-18.

LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 05, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2017-18 in accordance with the provisions of the SEBI (LODR) Regulations, 2015.

The 2,43,207 Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 09, 2007.

During the year the outstanding amount of US\$ 3.60 Million of the Company's US\$ 127.721 million 5.70% Convertible Secured Bonds, listed on the Singapore Exchange Securities Trading Limited since July 10, 2012 was redeemed on July 07, 2017.

The stock codes of the Company at the Stock Exchanges are as follows:

Name and address of the Stock Exchange	Stock code
National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East) Mumbai- 400051	SUBEX
BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400001	532348
London Stock Exchange 10 Paternoster Square London EC4M 7LS	SUBX

The International Securities Identification Number (ISIN) for the Company's Equity Shares in dematerialized form is INE754A01014.

CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 01, 2005. The said circular has been partially modified *vide* SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2017-18 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2017.

STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

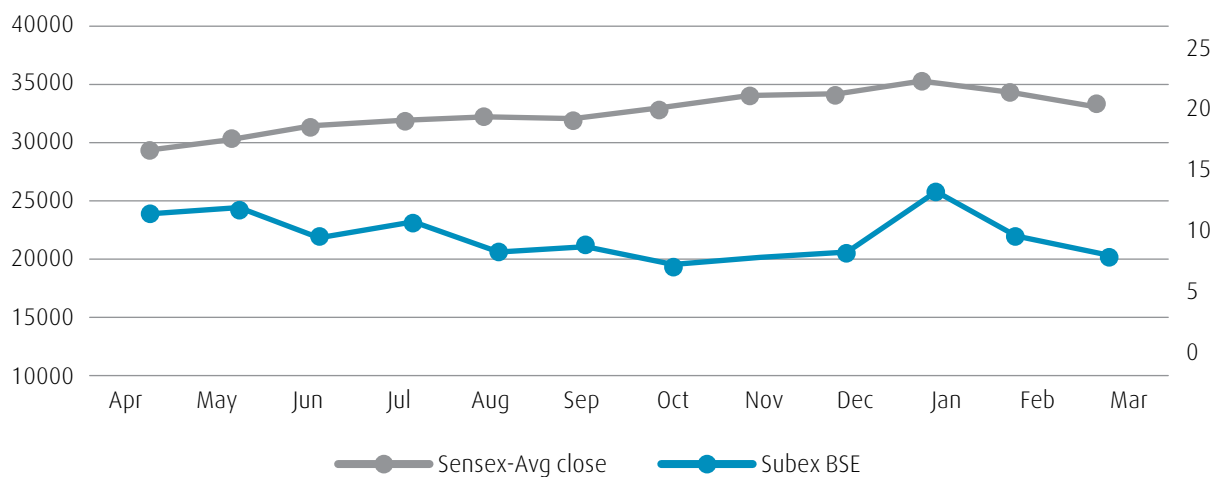
Average Monthly high and low quotes during each month in the financial year 2017-18 as well as the volume of shares traded on

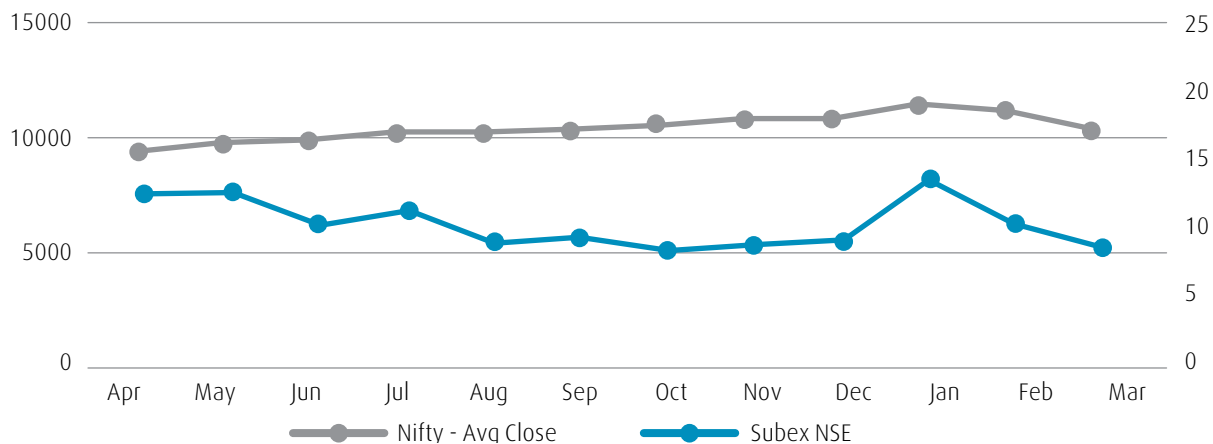
NSE and BSE are as under:

Month	NSE		BSE		Index Close Price	
	High* ₹	Low* ₹	High ₹	Low ₹	Sensex (Closing price)	Nifty (closing price)
Apr-17	11.58	11.12	11.59	11.12	29,695.83	9,214.57
May-17	11.32	10.87	11.31	10.88	30,420.07	9,436.99
Jun-17	9.97	9.70	9.95	9.72	31,144.68	9,606.95
Jul-17	10.57	10.04	10.58	10.04	31,879.61	9,850.12
Aug-17	9.02	8.62	9.02	8.63	31,772.23	9,901.18
Sep-17	8.86	8.54	8.85	8.57	31,887.12	9,977.92
Oct-17	8.58	8.30	8.59	8.30	32,397.64	10,138.68
Nov-17	8.77	8.40	8.73	8.41	33,395.14	10,324.75
Dec-17	8.73	8.37	8.76	8.38	33,424.40	10,322.26
Jan-18	11.39	10.51	11.37	10.52	34,989.42	10,771.15
Feb-18	9.43	8.93	9.43	8.94	34,287.04	10,533.11
Mar-18	8.44	8.14	8.43	8.13	33,323.32	10,232.63

*The monthly high and low quotes are calculated based on the average high and low prices of the month respectively.

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX





CREDIT RATING

The India Ratings and Research organisation (Ind-Ra) in their letter dated July 20, 2017 made to the Company upgraded the Credit Rating of Subex Limited from IND BBB+ to IND A-.

Instrument wise rating actions are mentioned below:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based limits	INR 956 (reduced from INR 1,148)	IND A- /Stable/IND A2+	Upgraded
Non-fund based limits*	INR 180	IND A2+	Upgraded

*INR 145 million of the non-fund-based limits is interchangeable with the fund-based limits.

SHAREHOLDING PATTERN

(As per records of the RTA)*

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2018		As on March 31, 2017	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	57,792	50.73	56,308	52.90
5001 – 10000	19,670	17.27	17,686	16.62
10001 – 20000	12,783	11.22	11,422	10.73
20001 – 30000	5,572	4.89	4,938	4.64
30001 – 40000	2,681	2.35	2,468	2.32
40001 – 50000	4,091	3.59	3,585	3.37
50001 – 100000	5,481	4.81	4,863	4.57
100001 and above	5,841	5.14	5,164	4.85
TOTAL	1,13,911	100.00	1,06,434	100.00

Categories of Shareholders:

Category	As on March 31, 2018			As on March 31, 2017		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Other (includes GDR's and Foreign Corporate Bodies)	112,577	78.66	442,070,413	105,041	78.17	396,248,254
Companies/ Indian Bodies Corporate	1,292	21.07	118,398,079	1,348	20.96	106,260,982
Core Promoters	3	0.17	974,044	3	0.19	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	39	0.10	560,399	41	0.12	617,700
FII	Nil	Nil	Nil	1	0.56	2,806,956
TOTAL	1,13,911	100	562,002,935	1,06,434	100	506,907,936

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computers Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form *vide* a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI *vide* its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor,
No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram,
Bengaluru - 560 003
Tel Nos. +91 80-23469661/62, 23469664/65
Fax Nos. +91 80-23469667/68
E-mail: canbankrta@ccsl.co.in
Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM

As on March 31, 2018, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRS/ADRS/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2018, the outstanding GDRs were 243,207.

During the year the outstanding amount of US\$ 3.60 Million of the Company's US\$ 127.721 million 5.70% Convertible Secured Bonds, listed on the Singapore Exchange Securities Trading Limited since July 10, 2012 was redeemed on July 07, 2017.

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

NOMINATION

Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH-13 (in duplicate), if not already filed. Form SH-13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is not doing any

hedging activities, as there is a natural hedge between exports and imports.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2017 to March 31, 2018 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through E-mails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through E-mails or telephone)	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/ annual report	0	0
Letters from NSDL, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	4	4
Total	4	4

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Arjun Makhecha

Acting Company Secretary,

Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103, India.

Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333

Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the Committees, financial results, shareholding pattern, distribution of shareholding etc.

[illegible]

Notes

[illegible]

INDIA

Subex Limited
(CIN: L85110KA1994PLCO16663)
Regd. office: RMZ Ecoworld,
Devarabisanahalli, Outer Ring Road
Bengaluru - 560103, India

Tel: +91 80 6659 8700
Fax: +91 80 6696 3333

USA

Subex Inc.
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Tel: +1 303 301 6200
Fax: +1 303 301 6201

UK

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1st Floor, Rama Apartment,
17 St Ann's Road, Harrow,
Middlesex, HA1 1JU

Tel: +44 0207 8265300
Fax: +44 0207 8265352

Singapore

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175A Bencoolen Street
#08-03 Burlington Square
Singapore - 189650

Tel: +65 6338 1218
Fax: +65 6338 1216

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Sharjah Airport International
Free Zone, Sharjah, UAE

Canada

Subex Americas Inc.
C/O BDO Canada LLP,
5494, Manotick Main Street
Box. 918, Manotick, Ontario
Canada, K4M1A8

Regional offices: Dubai | Ipswich



WWW.SUBEX.COM

BROADENING THE HORIZON

PIONEERING DIGITAL TRUST



CONTENTS



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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BROADENING THE HORIZON

WITH AN EXPERIENCE
SPANNING OVER
A QUARTER-
CENTURY, SUBEX HAS
ESTABLISHED ITSELF AS
THE GLOBAL LEADER IN
TELECOM ANALYTICS.

During this period, we have worked with the world's largest telcos, helping them save billions of Dollars. In the process, we recognised how multiple other verticals faced similar challenges we could help alleviate, and this marked the beginning of our foray into newer areas, essentially broadening our horizon.

Through our extensive experience of handling massive volumes of data, we have been successful in building a robust platform that can meet the demanding nature of the digital era. This has allowed us to develop capabilities towards being the pioneers of Digital Trust, to meet the emerging needs of the digital business ecosystem. As we move into our next phase, we will leverage these capabilities to meet the growing needs of businesses across multiple verticals such as IoT, Fintech and Retail to name a few. With the need for Digital Trust increasing across multiple industries, Subex is poised to address their requirements, paving the way for our next wave of sustainable growth. This multi-vertical strategy will enable us to build upon our decades of experience to make Digital Trust as a key enabler, helping businesses to succeed and grow.



STRATEGIC FRAMEWORK



INVESTOR FACT SHEET

Subex is a pioneer in enabling Digital Trust for businesses across the globe. Founded in 1994, Subex has spent 25 years in helping Global Communications Service Providers maximise their revenues and profitability. Having served the market over the last 2 decades by providing world-class solutions for business optimisation and analytics, Subex is now leading the way by enabling all-round Digital Trust in the business ecosystems of its customers. Focusing on privacy, security, risk mitigation, predictability and confidence in data, Subex helps businesses embrace the disruptive changes in the business landscape, and succeed with Digital Trust.

Stock Profile

Sector	IT Software Products
BSE	SUBEX 532348
NSE	SUBEX
Incorporated	December 06, 1994
Issued Shares (Cr)	56.20
Share Price* (₹)	6.99
Market Cap* (₹ Cr)	391.72
52-week H/L Range (₹)	8.01 - 4.40
Float as % of O/S Shares	90%

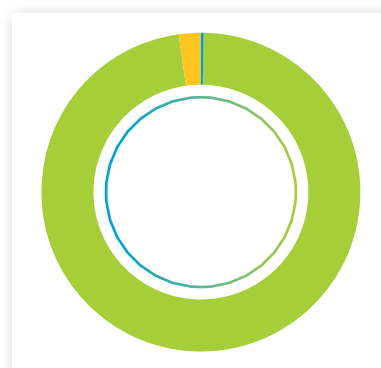
*Share price and market cap (BSE) as on May 14, 2019

Valuation Mar '19

Price /Earnings (x)	14.0
EV/Sales (x)	1.1
EV/ EBITDA (x)	9.3

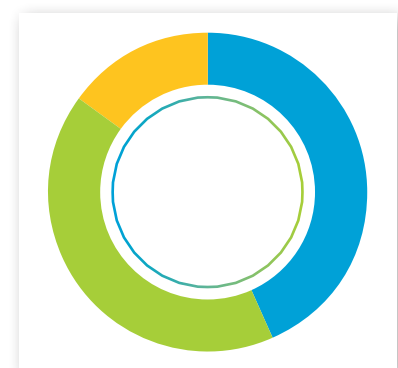
*Source: Thomson One

Shareholding Pattern (%) Mar'19



■ Promoters - 0.08%
■ Public - 97.02%
■ Non Promoter-Non Public - 1.99%

Top shareholders >1 (%) Mar'19



■ UNO Metals Ltd. - 3.46%
■ AKG Finvest Ltd. - 3.30%
■ Stock Holding Corporation of India Ltd. - 1.19%



1994

Formation of the Company



25

Years of Experience



800+

Employees



300+

Global Installations



90+

Countries



200+

Customers Globally



35+

Industry Awards



US\$ 2 MN

R&D spend in new areas



US\$ 55 MN

Order Intake in FY19

Investment Highlights

- Pioneers in the space of Digital Trust
- Leading player in the telecommunication space focusing on products to communications service providers (CSPs) globally to drive digital transformation and competitive differentiation
- Making strong inroads in the multi vertical IoT Security space; IoT Security Market is expected to touch US\$ 4.5 billion by 2022
- Incubating virtual startups within the organisation to diversify into new areas and verticals
- Sticky Revenue Model with long client relationship
- Investing heavily in newer areas like Digital Trust and AI/ML, Deep learning based anomaly detection
- Passionate and committed team led by new CEO Vinod Kumar Padmanabhan with clear focus to put the Company on growth track
- Zero debt with operating cash flow of ₹55 Crore
- New initiatives expected to impact revenue growth starting FY20



A NOTE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

It gives me great pleasure to address and update you on the progress made by Subex in the last financial year.

The two areas of focus that were of primary importance to me since I took over the role of CEO in last year was revenue growth and a vibrant Subex. And to do this, we rediscovered our purpose, values and set our vision to be the largest player globally in the space of Digital Trust. This vision further dovetailed into our three-horizon strategy wherein horizon 1 consisted of our core areas; horizon 2 consisted of high-growth areas of IoT security and analytics; and horizon 3 consisted of aspirational areas of automated multi-vertical anomaly detection and digital identity.

I am happy to announce that both from a strategy and execution perspective, we did well during the course of last year. We closed the year with revenue of ₹348 cr which was a growth of 7.3% over the corresponding number of ₹324 cr in the last fiscal year. The Profit After Tax also saw a jump of 21.7% to finish the year at ₹25.2 cr. While we do understand that these are small beginnings, what gives us confidence is the fact that our outlined strategy is definitely taking shape and we see a strong traction for growth going into the next fiscal year.

Let me provide you a brief view of how we did in each of these horizons. The market segment of telecom BSS i.e. Business Support Systems software that predominantly covers horizon 1 areas is expected to remain flat. As a global leader in most of the areas that we operate in this segment, our effort was to perform better by increasing our market share with differentiated offerings. We embedded purpose-built AI/ML into our products, leveraged technology to



7.3%

growth over the corresponding number of ₹324 cr in the last fiscal.

However, the proof of the pudding is the fact that we have met the internal target of US\$5 million contracted business in the very first year of operation on horizon 2 products.

effectively manage huge data volumes, compute requirements, and thereby created significant competitive advantage during the course of last year. We are competing very well with a strong pipeline of new opportunities further strengthened by a phenomenal last quarter that resulted in a 30% increase in new business bookings over the previous year. The Q4 FY19 results reflect the impact of these higher new business bookings.

Horizon 2 is our key growth area at the moment. With this target, our intent was not only build on the initial advantage that we have from a technology perspective but also increase the coverage of as many segments as possible. Towards this end, we have secured customers in a diverse range of verticals like smart cities, oil and gas, connected cars, manufacturing and IoT connectivity providers to name a few. Our honeypot lab has been enhanced and we have also carefully extended it to top research facilities in Singapore, Dubai and Europe. This proactive approach of generating threat signature is becoming a key differentiator of our digital security solution. ACT our Analytics Center of Trust, the other product offering in the horizon 2 portfolio has now been extended to two customers and both are being driven very strategically at this point.

However, the proof of the pudding is the fact that we have met the internal target of US\$5 million contracted business in the very first year of operation on horizon 2 products.

On horizon 3, which is the aspirational areas, we are working on much larger use cases and have launched CrunchMetrics, an AI/ML based multi-vertical anomaly detection in January this year. After successful completion of PoCs, we have now started engagement with two Tier 1 telcos in Europe and APAC. We have also started POC with a large Fintech player in India and are confident of showing good results soon. The second product in horizon 3 addresses digital identity management, and this product will be ready for launch in the first quarter of FY 20.

Subexians, our people continue to be the greatest asset to Subex. I am pleased to announce that we have added some exceptional talent during the course of this year. We brought a new COO, CFO and a Company Secretary. We also strengthened the domain and business consulting side by bringing heavyweights in the industry with over 20 years of hands-on experience. We now have a well-oiled team that is committed to drive the growth strategy. We have also executed the first phase of ESOP allocation and have all key Subexians covered.

So, what does the future hold for us? Based on the market reaction and general feedback, our growth strategy seems to be right and on mark. Our focus going forward will be on execution of this growth strategy. There are three key global trends that we are tracking and intent to leverage for our growth. The first is increasing importance of Digital Trust,;

second, the onset of 5G and mobile-edge computing and finally digital identity becoming central to digital economy. With access to state-of-the-art technology and also the biggest bank of digital threat signature and extensive coverage, we believe we are well positioned in our pursuit of being the leader in Digital Trust. We intend to invest heavily to scale the coverage, both on the technology and market coverage factor to drive value not only to our customers but also to our associates and shareholders.

Finally, I want to place my deep appreciation to the Board who stood behind us and supported us in every step of this long and exciting journey in front of us. My thanks are also due to the Subexians, without whose commitment and zeal we will find it hard to accomplish the growth targets in front of us.

"A journey well begun is half done", goes the saying. We believe we are in that spot and I am confident that the remaining part of the journey will be one that we will cherish in the foreseeable future.

Warm regards,

Vinod Kumar Padmanabhan

*Managing Director
& Chief Executive Officer*

STRATEGIC REPORT

OUR BUSINESS AT A GLANCE

Digitalisation has changed our lives in more ways than we can imagine. What makes it even more interesting is the pace of these changes and their impact on businesses. Today, status quo is transient and does not ensure security or leadership in the market. Businesses face the risk of obsolescence if they fail to innovate or adapt and hence there is a need to be ahead of the curve in every aspect of business – be it technology, business models, strategy or customer engagement.

In this backdrop, the one aspect that lies at the intersection of opportunities, risks and vulnerabilities is Trust. Trust is the centerpiece for every interaction on a personal, societal and business level – in both traditional and digital business models.

With the lines blurring between the digital and physical worlds, multiple disparate elements like people, processes and products come together to work in tandem. Digital Business revolves around agile and ephemeral digital interactions and leverages digital supply chains that are established dynamically to enable each interaction. In such a scenario Digital Trust becomes the key enabler for high-quality digital interactions by measuring and quantifying expectations of an entity – specifically validating who or what it claims to be, and if it will behave in an expected manner within a digital business transaction. Digital Trust is viewed as the

lifeblood or currency of digital business, and it wraps around every aspect of digital business.

As an organisation handling huge volumes of data from different sources, structures and at varying velocities for more than two decades, Subex is well poised to help businesses leverage Digital Trust to succeed in the digital era. Focusing on privacy, security, risk mitigation, predictability and confidence in data, Subex leverages its world-class software suite to help organisations infuse Digital Trust into their ecosystems. Subex helps drive Digital Trust across multiple dimensions addressing Transactional Trust, Competence Trust and Representational Trust across its customers' businesses, consumers and partners. Addressing each of these dimensions of trust is necessary to create an all-encompassing, robust and fail-proof framework for Digital Trust, and our portfolio of products and solutions is designed to do exactly that.

To summarise, multi-dimensional, multi-directional Digital Trust is the key to succeed in the digital era, and Subex is leading the way by enabling businesses create inspiring digital experiences.



FINANCIAL HIGHLIGHTS

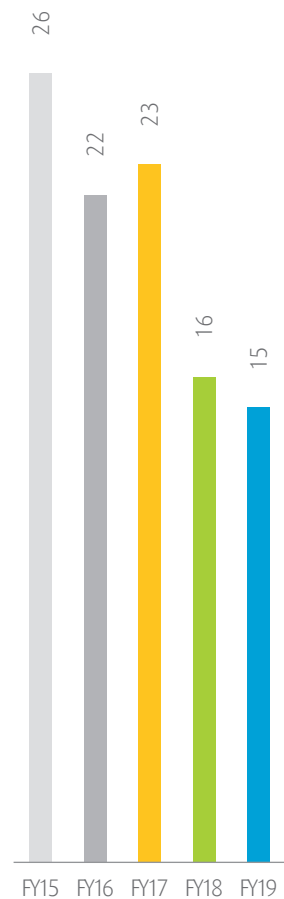
Revenues (₹ Cr)



Gross Margin (%)



EBITDA Margin (%)



PRODUCTS & SERVICES



ROC Revenue Assurance

- Provides a comprehensive view of an enterprise by providing better visibility into risks surrounding operations, revenue and margins.
- Built around big data and focused analytics capabilities, the solution addresses the new, complex and critical challenges faced by Revenue Assurance teams globally.



ROC Fraud Management

- Built to increase fraud prevention by eliminating known frauds, uncovering new fraud patterns, minimising fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements.
- Combines traditional rules engine, advanced AI/ML capabilities and scalable architecture to ensure proactive detection of fraudulent activities on the network
- Ensures that the system can be easily integrated with the ecosystem by utilising readily deployable interfaces



ACT (Analytics Center of Trust)

- Provides an end-to-end analytics framework to ensure a successful Analytics Journey
- Ensures the right analytics strategy by establishing CSPs current maturity, defining the business vision, and identifying the required road map
- Delivers real-time insights on the shifts in trends across the spectrum through a trusted information infrastructure powered by AI/ML Capabilities
- Provides Analytics as a Service to deliver actionable business intelligence around Product, Customer, Risk and Revenue



ROC Route Optimisation

- Covers end-to-end processes from dial code/destination operator rate imports to switch updates
- Enhances visibility and control of critical processes
- Helps operators drive effective operations, enables near real-time detection and accelerates leakage recovery cycles



ROC Network Asset Management

- Helps operators save millions of dollars through its analytics-driven asset harvesting insights
- Provides a framework to audit network assets, evaluate inventory and make a business case for a network upgrade
- Offers an in-depth view of network assets and inventory to optimise opex as well as capex
- Drives smarter network capital investment and network asset life cycle management through its AI/ML-based capabilities



ROC Capacity Management

- Provides proactive, actionable business intelligence with the power of AI/ML capabilities to make appropriate investments in maximising network capacity
- Gleans insights from network capacity trends
- Helps identify capacity 'hot-spots' and predict 'time-to-exhaustion'
- Correlates end-to-end capacity issues
- Forecasts lead time for capacity exhaustion scenarios



ROC Partner Management

- Provides a 360-degree view of the partner ecosystem by providing detailed profiles of partner agreements based on data such as revenue sharing and margins
- Ensures swift partner on-boarding, partner self-care, end-to-end revenue visibility and seamless communication between business partners



Subex Secure

- Offers comprehensive IoT security from real-time discovery and monitoring to response and recovery
- Leverages a one of its kind honeypot network that combines physical devices and device emulations to generate IoT/ICS signatures
- Evaluates identity and device breaches and updates the Subex Secure signature repository to safeguard the enterprise from new and emerging IoT threats



Crunch Metrics

- Advanced anomaly detection system that helps organisations discover business opportunities and mitigate risks in real-time.
- Leverages the combined power of statistics, Artificial Intelligence (AI) and Machine Learning (ML) to identify anomalies that are a representation of business impact.



ROC Partner Settlement

- Offers a 360-degree view of interconnect agreements to help manage revenues and margins across the partner ecosystem
- Enables billing platform to introduce innovative product bundling and billing mechanisms for IP-based services
- Opens new business models for complex variable pricing, bandwidth trading and VoIP services
- Enables telcos to track roaming records and conduct end to end roaming settlements
- Zero-touch supplier invoice reconciliation and dispute management capabilities for complete automation of complex manual processes

CHIEF EXECUTIVE'S STRATEGIC VIEW

Q: What would you consider as the most important accomplishments of the past year?

A. Our single most important goal in the past year was to focus on growth. Equipped with the freedom to explore, we rediscovered our purpose, values and vision to become the largest global provider of digital trust across all domains. The growth path we charted which would be a move from a telecom business analytics optimisation provider to a globally recognised digital trust player is indeed an ambitious journey. However, our confidence lies in our strong internal capabilities in terms of engineering and product developments, backed by a passionate set of Subexians (our employees).

We translated our vision into a three-horizon strategy where Horizon 1 would be our core products, Horizon 2 would involve newly launched products with huge potential and Horizon 3 would aim at aspirational growth areas and big impact use cases. To execute our strategy, we needed a great team and to that extend we have done a great job aligning our team, bringing in the right new talents wherever required and getting them motivated behind our vision.

Q: How are you executing this three-horizon growth strategy and what factors give you confidence?

A. A clear strategy makes execution easier. Going by the progress we have made during the first leg of executions, by performing extremely well via new business acquisitions, it appears that our

growth strategy is working. Our game plan is to pursue a more aggressive growth strategy and we will do this by fast-tracking selected components for rapid growth.

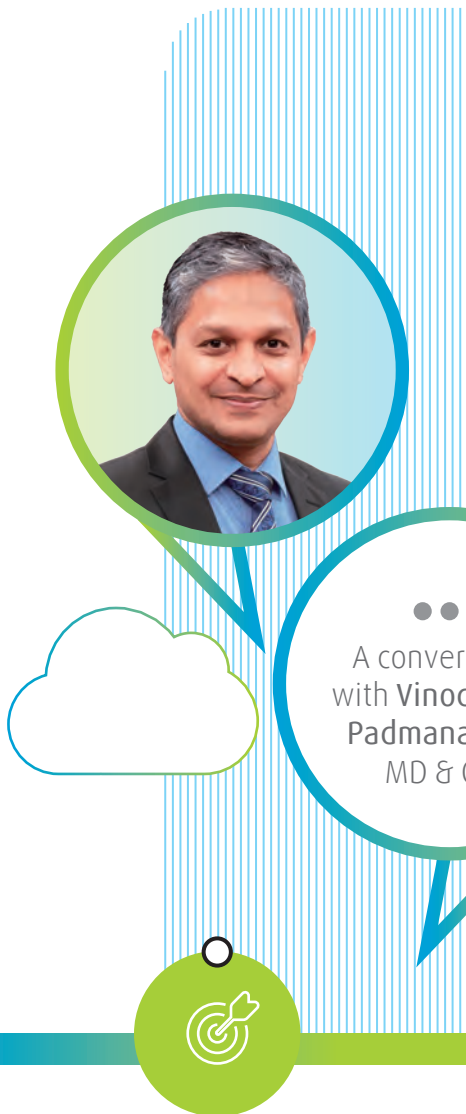
Our strategy has been broken down to specific Annual Operating Plans (AOPs), which is further simplified into what each team will have to work on. The initiation of an OKR system which explores objective and key result areas to be achieved in 90 days helps in keeping the focus on vital goals, amidst daily operational compulsions.

For example, within our Horizon 1 strategy, since growth within the space is slow, it is very clear that we have to go after improving existing market share. In the past year, we have done precisely that. Our new business acquisition was the strongest in Q4, which resulted in a 30% increase in yearly order booking.

In Horizon 2, we are building on the competitive advantage that we have, particularly in the IoT security space. We have enhanced and extended our honeypot to top research institutions in Singapore, Spain and the UAE. Our confidence is further strengthened by the success with respect to both contracted bookings and revenue in the very first year of operations of these products. The approach of incubating new ideas as a virtual startup within the organisation and then using our existing field and sales set-up to quickly scale is working well for us. This is our advantage when compared to new startups out there.

Q: What are the three most important industry drivers that make Subex a partner of choice?

A. Digital security is becoming a major issue globally. The World Economic Forum identifies cyber and digital security threats as one of the key global risks along with climate change, inequality, etc.





We are seeing an infusion of IoT even in critical infrastructure and this raises the digital threat to an even higher and critical level. All these will result in the rapid growth of the digital security market.

Secondly, digital trust. Digital is being intensified across all spheres, and this will propel digital trust to become a key pillar within the digital economy. IDC defines digital trust as the enabling of decisions made between two or more entities based on each entity's digital reputation and assurance levels. In the present scenario, if digital trust is not taken care of, the entire digital economy can crumble. Moreover, smart companies will use digital trust as a competitive advantage. With Subex having built a comprehensive portfolio around digital trust, we will be able to ride that wave successfully.

Thirdly, 5G and its opening up of the economy across several spheres. It is essential to understand that 5G's impact will not be limited to the Telecom segment alone but will open up several sectors within the economy through digitalisation and intelligent connectivity. While the advent of 4G brought on successful platforms such as Uber, Airbnb, and Swiggy, 5G with its high bandwidth availability, astonishing speeds and low latency, will open up the economy to several use cases that we at this point can't even imagine. Subex will be at the forefront helping Telcos and other digital service providers take their products to the market.

Q: What will you outline as the key growth areas for Subex?

A. Our performance in Horizon 1 last year, with our core products, has been exceptional and we will take on a more aggressive outlook to expand our market share. We will go after the smaller players in this fragmented market with our enhanced portfolio. This should result in a growth rate higher than what we had last year. The biggest growth drivers,

however, will be the Horizon 2 products consisting of IoT Security and Analytics. These products have already been proved in the market place and we are all set to leverage the large market expansion. This is where our near-term growth will come from. Our long-term growth, for the next 3-5 years, will be from the sustained growth of existing Horizon 2 products and newly launched Horizon 3 products. The subscription-based revenue from these products will start contributing significantly in the next couple of years.

Q: How is Subex placed with respect to attracting and retaining talent?

A. Subex is currently poised to take its products globally, and all IPs we create for our products and solutions will follow the guidelines of catering to a global audience. Secondly, it is important to note that Subex caters to some of the largest global enterprises. We currently cater to about 75% of the largest telcos in the world. This equips us with the ability to quickly scale solutions in this large open space, among some of our largest clients. Thirdly, Subex brings to the table the advantage of access to a large amount of data, which significantly helps to run successful AI and ML models. Finally, Subex offers a unique, open and passionate culture, which forms the core of our success. All new Subexians are amazed by the refreshing nature of our open culture. As one of the early product companies, with more than two decades of innovation, Subex offers exciting opportunities for aspirational candidates.

Q: Where do you see Subex creating wealth in the long term?

A. Subex in the past has worked in the niche but vitally important segment of business optimisation within Telco. We have done a great job and got to

the status of being a world leader in this space. As a part of our new growth strategy, we are looking at a much larger use case to be implemented in multi-vertical domains. Our Horizon 2 and 3 products, such as IoT security and Anomaly detection caters to an extremely large and growing market segments, which will result in our company growing significantly larger. Successful execution of this strategy will create substantial value for all stakeholders – our customers, our shareholders and Subexians. Vital to success will be the execution of our growth strategy and we look forward to continued support from all our stakeholders.

Q: How have you strengthened corporate governance and shareholder communication?

At Subex, we strongly believe that the spirit of corporate governance should stretch beyond the statutory form. Corporate governance serves as a key driver of sustainable corporate growth and long-term value creation for the stakeholders along with the protection of their interests. Subex has a strong and independent board which follows the highest level of governance. Last year, we had stepped up our communication with our investors with half yearly investor calls. We intend to move this to quarterly calls and propose to engage with our investors on a more frequent basis where we will provide regular updates on the business and outlook of the Company.

<http://reports.weforum.org/global-risks-2018/global-risks-2018-fractures-fears-and-failures/>

<https://www.idc.com/getdoc.jsp?containerId=US43986218>

FOCUSING ON CONSISTENT GROWTH AND SHAREHOLDER VALUE



In conversation with
Venkatraman G S,
Chief Financial Officer

Focusing on consistent growth and shareholder value

As we continue to execute on the strategies laid out of focusing on the three-horizon strategy as explained by Vinod Kumar Padmanabhan, our CEO, I wanted to provide an update on the financial performance of the Company.

Your company returned a decent performance for the financial year 2018-19. Consolidated revenue grew to ₹34,812 lakhs in FY 19, up from Rs.32,432 lakhs in FY 18, which is 7.3% over the previous year, and net profits after tax grew by 21.7% in FY 19 over the previous year. Revenue increased due to growth in our core business, also aided by favorable currency movements. EBITDA has remained strong at 15% and Return on Capital Employed (ROCE) is at 5.8%.

In terms of cash flows of the Company, EBITDA to Operating Cash flow grew to 85% in FY 19 from 40% in FY 18 and EBITDA to Free Cash Flow grew to 79% in FY 19 from 34% in FY 18, this has resulted in our Days Sales Outstanding (DSO) for

FY 18-19 coming down to 100 days versus 120 days in FY 17-18. Efficient collection of receivables and optimal utilisation of cash has helped us report good growth in operating cash flow and improved Days Sales Outstanding (DSO).

Having come out of the FCCB loans and related overhang which was on the balance sheet of the Company, we have started work on strengthening your company's balance sheet and the liquidity. This will help us make necessary organic and inorganic investments to sustain the growth. During FY 19, in line with our values of "Make It Happen", we bolstered our digital business by investing close to ₹14.7 Crores in IoT security and Analytics offerings. These investments will provide us the impetus and platform for the growth we are expecting in these new businesses. In January 2019, company launched our new product "CrunchMetrics" which is an AI/ML based anomaly detection analytics solution for business incident discovery.

Subex has a broad range of stakeholders including clients, shareholders, creditors and regulators. With our financial performance becoming stable and with the positive business momentum as we exit FY 2018-19, we have started engaging with our investors and will step up our investor relations efforts in the coming year. We will be having regular quarterly investor calls as we announce our quarterly results every quarter and we will meet with potential Investors be it family offices, institutional and high net worth investors, to help step up sustained long-term interest in the Subex stock.

I feel honored to bring it to your knowledge that in January 2019, your company has paid off Working capital loans from its banking partners in entirety and Subex is now a completely Debt-free company.

Your company continues to give back to the society through Subex Charitable Trust. Other sections of this annual report highlight the initiatives and activities taken up by Subex in our effort to be responsible corporate citizens.

We remain dedicated to enhancing transparency and to maintain disclosure to shareholders through various additional disclosures such as Board's Report, Management Discussion and Analysis, Consolidated and Standalone Ind-AS financials and Shareholder's Information.

Outlook for FY 2019-20

Your company's rate of growth has been consistent year on year basis and we expect to continue this growth momentum for FY 20. In addition to our continuous efforts on delivery and operational efficiencies to improve margins, the Company will be increasingly focusing on business which will help us solidify our position of being a leader in digital trust solutions.

Our diversified client base has contributed to a more stable revenue stream. On the cost front, company is constantly monitoring and controlling IT costs using Cloud technology. At the same time, company will continue to focus on significant costs including Payroll and Travel costs and look at ways to optimise this further. These initiatives will help support the Company to sustain profitability as the focus remains on growth in our chosen areas.

In the coming year we will look to address our large equity capital base and make the balance sheet lighter, so that size of the balance sheet is commensurate to the size of our current business.

I would like to personally thank our outstanding Finance, Procurement, Secretarial, and Legal teams, which I am proud to lead. Their dedication, adaptability and commitment towards continuous development helps in achieving outstanding results for Subex and our stakeholders.

I feel honored to have taken over the role of Chief Financial Officer from December 2018, and I pledge to be an effective partner to our business leaders. I'm grateful to all our investors for your patience and trust. Your support helps Subex become a stronger company every day.

WINNING IN NEWER HORIZONS



In conversation with
Rohit Maheshwari,
Head of Strategy &
Product

Winning in newer horizons

We are living in the new age of inventions.

Digital transformation, increasing adoption of artificial intelligence and machine learning (AI/ML) and dramatic increase in availability of cheap and powerful compute is enabling business disruption at a speed we have never seen before.

Innovation has become a must-have strategy for enterprise success in an ever-changing technological environment. The need for democratising artificial intelligence/machine learning (AI/ML) services has risen, and the industry has been going through large-scale automation.

5G, with its promise of low latency, high bandwidth connectivity with capacity to handle a very large number of devices has the promise to impact every industry.

A doorway to new use cases

The emergence of 5G as an enabler for innovation has had a positive impact on our own portfolio. By providing us with more opportunities to work on solutions like network asset management, capacity management, IoT security and digital partner management, investment in 5G has become a strategy that we feel can greatly expand our business horizons.

5G Technology allows us to cater to a much larger audience of very interesting use cases. As a result, with the advantages of our past investments, our play on digital identity, digital trust and security, we are fully equipped to compete in the market. Our significant investments in R&D, will provide our customers with solutions from the extreme disruption that 5G has created.

Dynamism at an all-time high

The world seems to have moved beyond the hype of crypto currencies and we are now seeing exploratory work to identify a number of interesting business use cases of Blockchain. We are actively involved in exploring with digital service provider consortiums to build Blockchain based partner management solution.

We are also witnessing an increasing adoption of Open Source software to accelerate innovation. A challenge that continues to remain, however, is the stitching together of multiple open source software into one cohesive platform or solutions. We believe that by making the best of open source and combining this with our domain understanding of the problem, we are well equipped to quickly identify, build and deploy innovative solutions.

Enterprises are now collecting and organising increasing amounts of data to perform business analytics. Paradoxically this continued increase in data volumes and data sets is becoming a barrier for enterprises to take full advantage. Traditional methods like dashboards and reports are now getting replaced by augmented analytics. Indeed, augmented analytics is poised to become a long-

term market trend with a potential to grow into a \$50 billion market by 2026. Subex has entered this space through its SaaS-based augmented analytics solution, CrunchMetrics. Marking our entry into many new sectors, we believe that we are now strongly positioned to gain great market share in the near future.

Building and evolving Machine Learning (ML) models is a challenging and time-consuming process. There clearly is a need to automate feature engineering, model building and model implementation, thus making ML accessible to increasing set of customers. Subex is very focused on automating the complete data analytics pipeline in all our products. As our business diversifies into new verticals, we see this as a very powerful gateway into sectors beyond telecom, like financial technology, e-commerce, insurance and other financial services. While we are already the market leaders of fraud management in telecom, we are keen to explore other verticals and emerge successful in them as well.

With respect to digital identity, this year has been a watershed one for industries in cyber security. The way individuals and enterprises currently protect accounts and information is becoming history as synthetic IDs, stolen accounts, deep fakes and password thefts increasingly make the headlines. Organisations are beginning to question the credibility of the identity of the person/bot they interact with, and here, we see opportunities for technology in verifying digital identities.

Towards continued leadership

The coming years have in store unlimited opportunities that allow us a huge potential to expand. We at Subex are committed to continue to provide value to our customers by persistently pursuing the shortest and surest paths to innovation. Our ability to effectively tap newer developments makes us confident that in the future, we will continue to lead in more than just the telecom industry.

IOT SECURITY: POISED FOR EXPONENTIAL GROWTH



In conversation with
Kiran Zachariah,
Head of IoT Security

According to credible estimates, IoT security is expected to grow by 680% to become a \$680 Billion industry. Subex intends to be a dominant player in this space.

IoT Security: Poised for exponential growth

IoT Security has been a strong growth area for Subex. This year, we grew our revenues considerably and are looking at a strong order book in the year ahead. Our strategy to be a multi-vertical player has paid us rich dividends. We have broken ground in verticals such as oil and gas, smart cities, connected cars and manufacturing while deepening market traction in traditional verticals such as telecom. The new verticals have given us a substantial set of use cases and out of the box solutions to address common pain points connected with each of them. We intend to replicate and use these learnings to pursue and engage future accounts.

One of Subex's strengths has been our presence in the telecom vertical. Our engagements with Pod and Telefonica bear testament to the depth and breadth of our engagement with telcos. As telcos provide connectivity to a significant proportion of IoT devices, Subex aims to leverage these relationships to become the largest IoT security provider.

This year also saw the launch of a new suite of products to augment our existing fraud management solution. Designed keeping the convergence of security and fraud at most of our telco customers in mind, our digital fraud prevention suite can, not only detect but also prevent instances of fraud by being directly linked to the network. The suite can also increase the coverage of an existing fraud prevention team from voice, data and fraud management services to digital services such as IPTV, marketplace etc., being rolled out by telcos.

We have also moved into 5G security. Through critical partnerships and other efforts, we were able to log our first win in this space. This has also placed us in a very strong position to ride the impending 5G wave and we are positively excited about it.

The competitive landscape has changed considerably in the last year with the emergence of well-funded start-ups and due to large cyber security companies moving into IoT security. To compound this, we are competing with different players in each vertical.

Our investments in the last 4 years to derive organically generated threat intelligence is among our key differentiators allowing Subex to win in the marketplace. Platform enhancements are in the works in key areas to keep the product ahead of market trends and aligned to emergent customer needs. Our focus on Artificial Intelligence and Machine Learning is another sales driver for us. Our research collaboration with universities around the world is another area of focus for Subex.

According to credible estimates, IoT security is expected to grow by 680% to become a \$680 Billion industry. Subex intends to be a dominant player in this space. Our advantage drawn from being an early mover alongside our focused efforts, investments and collaboration have held us in good stead thus far. We will continue to work towards maintaining and improving our position to deliver exponential value to our customers and growth to the Company and specifically our shareholders.



WHERE WE OPERATE



SUBEX – MAKING A DIFFERENCE TOGETHER

Subex Charitable Trust (SCT) is a non-profit trust that mobilises employee participation in community projects. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT supports causes of community welfare, specifically for the economically backward and specially-abled individuals. The Trust supports initiatives based on requests received from diverse sources. SCT is managed by trustees elected amongst the employees of the Company.

During the year

- Vocational training for 25 Blind/ Disabled Women: SCT tied up with Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries.
- SCT has contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas
- During Kerala and Kodagu floods, SCT also stepped in to help the flood victims by collecting flood relief materials and ensured that it was sent to victims through army trucks.



BOARD OF DIRECTORS



Anil Singhvi

Chairman & Independent Director



Nisha Dutt

Independent Director



Poornima Prabhu

Independent Director



George Zacharias

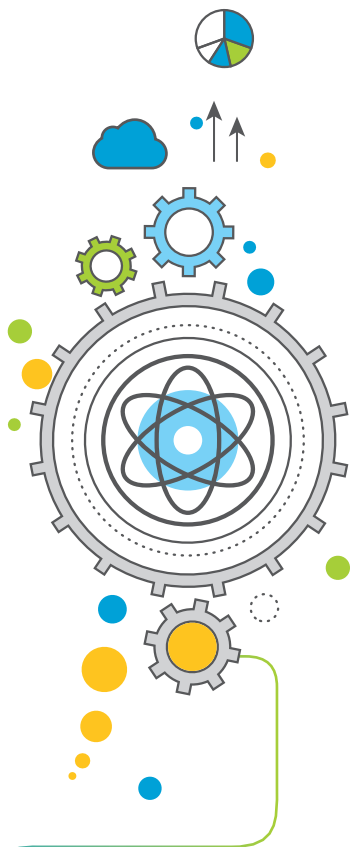
Independent Director



Vinod Kumar Padmanabhan

Managing Director
& Chief Executive Officer

LEADERSHIP TEAM



**Vinod Kumar
Padmanabhan**

Managing Director & Chief
Executive Officer



Shankar Roddam

Chief Operating Officer



Venkatraman G S

Chief Financial Officer



Mohan Sitharam

Chief Human Resources Officer



Rohit Maheshwari

Head of Strategy & Products



Kiran Zachariah

Head of IoT Security



Suraj Balachandran

Head of Sales – EMEA & APAC



Mark Bourgoin

Vice President – Americas

BOARD'S REPORT

Dear members

Your Directors have pleasure in presenting the 25th Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2019.

1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2019 is summarized as below:

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	34,812	32,432	1,916	17,993
Share of profit/(loss) net	-	-	(1,600)	37
Other Income	101	140	10	66
Finance Cost	216	775	4	547
Profit/(Loss) before Exceptional items & tax expense	4,708	2,275	(2,455)	(200)
Exceptional Items	-	1,166	-	389
Profit/(Loss) before tax	4,708	3,441	(2,455)	189
Tax expenses	2,186	1,373	(2)	157
Profit/ (Loss) after tax	2,522	2,068	(2,453)	32
Other comprehensive income	(428)	(240)	(3)	(8)
a) to be reclassified to profit or loss in subsequent periods	(390)	(210)	-	-
b) not to be reclassified to profit or loss in subsequent periods	(38)	(30)	(3)	(8)
Total comprehensive income for the year	2,094	1,828	(2,456)	24

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2019, the total revenue on a standalone basis was ₹1,916 lakhs as against the revenue for the previous year which was ₹17,993 Lakhs. The Company has during the year under review incurred a loss of ₹2,453 lakhs as against a profit of ₹32 lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹34,812 lakhs as against ₹32,432 lakhs during the previous year. The profit for the financial year 2018-19 was ₹2,522 lakhs as against a profit of ₹2,068 lakhs in the previous year.

3. DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2018-19.

4. RESERVES

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation. The total earnings of ₹2,094 lakhs available with the Company on a consolidated basis is proposed to be retained in the statement of profit and loss.

5. SHARE CAPITAL

As at March 31, 2019 and as at the date of this report, the authorized share capital of the Company was ₹5,900,000,000 (Rupees Five

hundred and ninety crores only) divided into 588,040,000 (Fifty-eight crores, eighty lakhs and forty thousand only) equity shares of ₹10 (Rupees Ten only) each and 2,00,000 (Two Lakhs only) preference shares of ₹98 (Rupees Ninety-Eight only) each.

As at March 31, 2019 and as at the date of this report, the issued, subscribed and paid-up share capital of the Company was ₹5,620,029,350 (Rupees Five hundred and sixty two crores, twenty nine thousand and three hundred and fifty only) divided into 562,002,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹10 (Rupees Ten only) each.

6. BUSINESS

Subex is a leading telecom analytics solutions provider, enabling a digital future for global Telco's. Founded in 1994, Subex has spent over two decades in enabling 3/4th of the largest 50 Communication Service Providers (CSPs) globally achieve competitive advantage. By leveraging data which is gathered across networks, customers, and systems coupled with its domain knowledge and the capabilities of its core solutions, Subex helps CSPs to drive new business models, enhance customer experience and optimize enterprises. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Asset Assurance and Partner Management "Revenue Management

Services/RMS business” and complements them through its newer solutions such as IoT Security “Digital Business”. Subex also offers scalable Managed Services and Business Consulting services. It has more than 300+ installations across 90+ countries.

Subex has received numerous awards jointly with its customers. The recent awards include:

- Pipeline Innovation Awards 2018 under “Managed Services” category & “Innovations in Security & Assurance” and ‘Big Data & Analytics’
- Aegis Graham Bell Award 2017 for Innovation in ROC Insights under “Data Science” Category
- Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company.

7. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

As on March 31, 2019, the Company has 9 subsidiaries.

SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2019, Subex Assurance LLP earned a net income of ₹30,133 lakhs as against a net income of ₹12,813 Lakhs in the previous year and a net profit of ₹165 Lakhs, as against a net profit of ₹635 lakhs in the previous year

As at March 31, 2019, Subex Limited held more than 99.99 % of the capital in Subex Assurance LLP and the balance is held by Subex Digital LLP.

- For the year ended March 31, 2019, the Standalone income of Subex (UK) Limited was ₹18,803 Lakhs as against ₹16,401 Lakhs in the previous year, and a net gain of ₹1,370 Lakhs as against a net loss of ₹8,197 lakhs in the previous year.
- Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2019, the Standalone income of Subex (Asia Pacific) Pte. Limited was ₹3,952 Lakhs as against ₹2,997 lakhs in the previous year, and a net gain of ₹18 lakhs as against a net loss of ₹644 Lakhs in the previous year.
- Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2019, the Standalone income of Subex Inc. was ₹9,839 lakhs as against ₹9,353 Lakhs in the previous year, and the net gain was ₹117 lakhs as against a net gain of ₹78 Lakhs in the previous year.
- As on March 31, 2019, Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.
- Subex Middle East (FZE) is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2019, the standalone income of Subex Middle East (FZE) was ₹1,388 lakhs as against ₹1,132 Lakhs in the previous year and a net gain of ₹60 lakhs as against a loss of ₹14 Lakhs in the previous year.

SUBEX DIGITAL LLP

For the year ended March 31, 2019, Subex Digital LLP earned an income of ₹438 Lakhs as against ₹33 Lakhs in the previous year, and a net loss of ₹1,765 Lakhs as against a net loss of ₹598 Lakhs in the previous year.

As at March 31, 2019, Subex Limited held more than 99.99% of the capital in Subex Digital LLP and the balance is held by Subex Assurance LLP.

SUBEX TECHNOLOGIES LIMITED

For the year ended March 31, 2019, Subex Technologies Limited incurred a net loss of ₹4 Lakhs as against a net loss of ₹1 Lakh in the previous year. Subex Technologies Limited is a wholly owned subsidiary of Subex Limited.

SUBEX AMERICAS INC.

For the year ended March 31, 2019, the standalone income of Subex Americas Inc. was ₹957 Lakhs as against ₹851 Lakhs in the previous year, and the net profit was ₹96 Lakhs as against a net profit of ₹6,271 Lakhs in the previous year.

Subex Azure Holding Inc., is a wholly owned subsidiary of Subex Americas Inc. There were no transactions during the year under review.

As on March 31, 2019, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc.

The above-mentioned numbers are as per the audited financial statements of respective subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiary companies, which forms part of the Annual Report. A statement containing salient features of the financial statements of the subsidiaries of the Company in Form AOC-1, forms part of the annexure to the Standalone Financial Statements.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company under the following link <https://subex.com/shareholder-services/>.

Further, as per the fourth proviso to the said Section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company under the following link <https://subex.com/shareholder-services/>. These documents will also be available for inspection during business hours at the registered office of the Company at Bengaluru, India.

8. DEPOSITS

Your Company has not accepted any deposits from the public during the year and there are no deposits which remain unclaimed or unpaid as at the end of the year and, as such, no amount of



principal or interest was outstanding as of the date of the Balance sheet.

9. EMPLOYEE STOCK OPTIONS SCHEMES

All the schemes endeavor to provide incentives and retain employees who contribute to the growth of the Company. During the year under review, there has been no variation in the terms of ESOP schemes. Additional details have also been disclosed under Note 36 to the standalone financial statements which form part of the Annual Report.

Details of the Company's Employee Stock Option Plans and a summary disclosure in compliance with the Companies (Share Capital and Debentures) Rules, 2014, forms part of this report as "Annexure A". The details as required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 are available on the Company's website <https://subex.com/shareholder-services/>.

a. EMPLOYEE STOCK OPTION PLAN-2005 (ESOP-III)

Under this scheme, an initial corpus of 5,00,000 options was created for grant to the eligible employees, with each option convertible into one fully paid-up equity share of ₹10/-. This scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The corpus of the scheme was further enhanced by 15,00,000 options during the financial year 2007-08. The Company has obtained the requisite in-principle approvals from the Stock Exchanges for the listing of equity shares arising out of exercise of options granted under the scheme.

The tenure for grant of stock options under ESOP 2005 scheme has expired in 2015 and the Company is only administering the outstanding stock options issued under the scheme.

b. EMPLOYEE STOCK OPTION PLAN-2018 (ESOP-V)

The Company pursuant to resolutions passed by the Board and the Shareholders dated June 26, 2018 and July 31, 2018, respectively, has adopted the Subex Employees Stock Option Scheme-2018 ("ESOP - V" or "Plan")

The Board authorized the Nomination & Remuneration Committee or such other person(s) as maybe authorised by the Nomination & Remuneration Committee for the superintendence and administration of the Plan. The ESOP Plan would be implemented through the Subex Employee Welfare and ESOP Benefit Trust, "ESOP Trust", by acquiring the equity shares of the Company from the secondary market. Total number of Options to be granted under the Scheme shall not exceed 5% (Five percent) of the paid-up equity capital as on March 31, 2018.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees or Investments covered under Section 186 of the Companies Act 2013, are given in note number 34 (b) (iv) to the Standalone Financial Statements.

11. MATERIAL CHANGES AND COMMITMENTS, EFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT.

The Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director, to hold office until the date of the 25th Annual General Meeting (AGM).

There have been no material changes for the period between end of the financial year 2018-19 and the date of this report effecting the financial position of the company.

12. CORPORATE GOVERNANCE

Your Company strongly believes that the spirit of Corporate Governance goes beyond the statutory form. Sound Corporate Governance is a key driver of sustainable corporate growth and long-term value creation for the stakeholders and protection of their interests. It endeavors to meet the growing aspirations of all stakeholders including shareholders, employees and customers and is committed to maintaining the highest level of transparency, accountability and equity in its operations. It always strives to follow the path of good governance through a broad framework of various processes.

Your Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, "SEBI (LODR), Regulations, 2015", as amended from time to time. The Auditor's certificate on compliance with respect to the same is annexed herewith as "Annexure B". In addition, it has documented its internal policies in line with the Corporate Governance guidelines.

13. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis report is presented in a separate section forming part of this Annual Report.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per Section 152 of the Companies Act, 2013, at least two-thirds of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each AGM of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Vinod Kumar Padmanabhan, retires by rotation and being eligible, has offered to be re-appointed at the ensuing AGM.

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on March 21, 2018, appointed Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company effective from April 01, 2018, for a tenure of three years. The said appointment was approved by the members at the 24th AGM of the Company held on July 31, 2018.

Mr. Ashwin Chalapathy, Non-Independent, Non-Executive Director, resigned from the Board with effect from May 04, 2018.

APPOINTMENT

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director of the Company and he shall hold office until the date of the 25th AGM. His appointment for a period of five years is being placed before the members for their approval at the ensuing AGM.

The details regarding the familiarization program for Independent Directors is available on the website of your Company under the link <https://www.subex.com/shareholder-services/>

CHANGES IN THE KEY MANAGERIAL PERSONNEL

Ms. Mehernaz Dalal resigned from the position of Chief Financial Officer w.e.f. November 30, 2018. Mr. Venkatraman G S was appointed as the Chief Financial Officer of the Company w.e.f. November 30, 2018.

Mr. G V Krishnakanth was appointed as the Company Secretary of the Company w.e.f. July 10, 2018 and Compliance Officer w.e.f. July 19, 2018.

15. BOARD MEETINGS

During the year, 7 Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015. The dates on which meetings were held are as follows:

Board Meeting Number	Date of Meeting
1/2018-19	May 04, 2018
2/2018-19	June 26, 2018
3/2018-19	July 19, 2018
4/2018-19	July 31, 2018
5/2018-19	September 10, 2018
6/2018-19	October 31, 2018
7/2018-19	January 29, 2019

The details of the attendance of the Directors is provided in the Corporate Governance Report.

16. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI (LODR) Regulations, 2015, the Board at its meeting held on January 29, 2019 carried out an annual performance evaluation of its own performance, Chairman and the directors individually, as well as the evaluation of the working of its committees. The manner of evaluation has been explained in the Corporate Governance Report.

17. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

The Policy on Appointment of Directors and the Remuneration Policy of the Company forms a part of this report in “Annexure E”. and the Details / Disclosures of Ratio of Remuneration to each Director to the median employee’s remuneration as “Annexure G”.

18. AUDIT COMMITTEE

As on March 31, 2019, the Audit Committee had four Directors as its members viz. Mr. Anil Singhvi, Chairman & Independent Director, Ms. Nisha Dutt, Independent Director, Ms. Poornima Prabhu, Independent Director and Mr. Vinod Kumar Padmanabhan, Managing Director & CEO. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the provisions of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015, including amendments thereon. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

19. AUDITORS

There are no instances of frauds reported by auditors pursuant to sub-section (12) of Section 143 which are reportable to the Central Government.

STATUTORY AUDITORS

S. R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (Firm Registration Number 101049W/E300004), the Statutory Auditors of the Company were appointed for a term of 5 years at the AGM held on June 19, 2015. The requirement for ratification of appointment of auditors by the members at every AGM is done away with, vide the Ministry of Corporate Affairs notification dated May 07, 2018.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors of the Company in the Audit Report.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed V. Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure C”.

The Secretarial Audit Report for the year ended March 31, 2019 does not contain any qualification, reservation or adverse remark.

20. PARTICULARS OF EMPLOYEES

The particulars of employees required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been provided as they are not applicable to the Company. None of the employees of the Company, draw remuneration in accordance with the limits prescribed under the said Rules. Hence the details of the top 10 (ten) employees under the said Rules have not been stated.

21. CONSERVATION OF ENERGY

Your Company is committed to the continual development of its products in a sustained environment, helping its customers to operate their businesses more efficiently and enabling them to reduce their use of scarce resources and minimize waste.



As a software product Company, the impact that the Company has on the environment from its own operations is relatively low when compared to companies in other industries. However, the Company recognizes that it still has a role to play in reducing the impact that global business has on the environment. Subex is committed and targets towards following the best practices to reduce utilization of power, natural resources like water and limited E-Waste disposal, executed through government recognized agencies. Though Subex does not fall under the category of manufacturing products and services impacting the environment, we implement few of the best practices with minimal investments through a five-year plan - agreement with an industry stalwart having expertise in energy conservation. This investment thereby results in monetary benefits / savings month on month, helping us recover the invested amount in few months, ensuing continued savings through this initiative.

Suppliers delivering the products to Subex with regard to lighting, diesel generators etc, abide by the guidelines laid out by the government.

Subex aims to reduce its impact on the environment by:

- Monitoring the level of water and energy used along with the waste produced.
- Targeting a reduction in the use of water and energy reduction in waste along with an increase in amount of waste that is recycled/ reused etc.
- Increasing the awareness on environment safety and engagement of employees.
- Adopting sustainable practices designed to ensure the health and safety of Subex's employees, stakeholders and the environment.
- Operating its business in compliance of environmental laws and regulations.

22. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Your Company has a strong Research & Development Division responsible for developing technologies for its products in the telecom domain. The telecommunications domain, in which your Company operates, is subject to rapid technological changes, introduction of new services and intense competition. Your Company has developed inherent skills to keep pace with these changes. Since software products are the significant line of business of your Company, the Company incurs expenditure on product related Research & Development on a continuous basis. These expenses are charged to revenue under the respective heads and are not segregated and accounted separately.

23. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2018-19 total foreign exchange inflow and outflow is as follows:

- Foreign Exchange earnings ₹2,178 Lakhs (Previous Year ₹16,240 Lakhs)
- Foreign Exchange outgo ₹678.44 Lakhs (Previous Year ₹9,592 Lakhs)

24. CORPORATE SOCIAL RESPONSIBILITY

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2019.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
Ms. Nisha Dutt	Independent Director

Pursuant to the CSR Policy adopted by the Board, the Company proposes to undertake such activities as may be useful and contributive in nature

Particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in "Annexure H" to the Boards' report.

The CSR Committee charter and the CSR Policy of the Company are available in the website under the below link <https://www.subex.com/shareholder-services/>.

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support to the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries. The SCT has also provided its support for the education of economically challenged meritorious students as part of the Nurture Merit Programme. Further details have been provided in a separate section in this Annual Report as "Annexure H".

25. RISK MANAGEMENT POLICY & IMPLEMENTATION

The Risk Management Committee has been constituted as required under Regulation 21 of the SEBI (LODR) Regulations, 2015, voluntarily by the Company. According to Regulation 21 (5), the provisions of Risk Management Committee shall be applicable to top 500 listed entities, determined on the basis of market capitalization.

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level, also threaten the existence of the Company. Risks are assessed department wise such as financial risks, information technology related risks, legal risks, accounting fraud, etc. The Management also ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

26. HUMAN RESOURCE MANAGEMENT

Detailed report on Human Resource management is given in the Management Discussion and Analysis section of the Annual report.

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Such internal financial controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement (under paragraph (e) of the Section) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards ("IndAS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement (under paragraph (f) of the Section) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards reviews and updates on processes for projects and organization, alignment to the new organization structure. Identification and involvement of process owners to review processes and make it relevant and align it to

the organization. Some of the requirements which were specific to customer were customized, with audits conducted for some of the accounts.

28. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud, leakage of Unpublished Price Sensitive Information and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <https://www.subex.com/shareholder-services/>. There were no complaints during the year 2018-19.

29. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee (ICC) chaired by a senior female employee of the Company, has been set up to redress complaints received under this Act.

During the year under review, no complaints have been received by the Company.

30. DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have given declarations under Section 149 (7) to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

31. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Further, none of the Directors had any pecuniary relationships of transactions vis-à-vis the Company.

All related party transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit committee is obtained for transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions entered pursuant to the omnibus approval so granted, are placed before the Audit Committee and the Board of Directors for their review on a quarterly basis.

The Company has entered into sub-contracting arrangements with its subsidiaries, based on transfer pricing methodology, for



development and enhancement of its products as well as marketing of its products by the subsidiaries across locations. The Company has also entered into marketing arrangements with its subsidiaries wherein there is a cross-charge done by the subsidiaries towards its efforts for the same.

The Policy on Related party transactions as approved by the Board is uploaded on the Company's website under the link <https://www.subex.com/shareholder-services/>

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 is enclosed to this report in "Annexure F".

32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

33. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure D".

The annual return for the financial year 2017-18 pursuant to section (3) of section 92 has been placed on the website of the Company, www.subex.com.

34. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2018-19 to the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE') where the Company's shares are listed.

35. MAINTENANCE OF COST RECORDS

Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable to the Company as the Company operates out of a Special Economic Zone (SEZ).

36. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provision of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and belief, affirms:

- In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the accounting policies have been selected and applied consistently and it has made judgments and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date;

- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.;
- That the accounts for the year ended March 31, 2019 have been prepared on a going concern basis;
- That internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively.
- That systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

37. APPRECIATION/ACKNOWLEDGEMENTS

Your Directors thank the customers, vendors, investors, shareholders and bankers for their continued support during the year. We place on record our appreciation for the support /co-operation extended by the various departments of the Government of India, Government of Karnataka, Central and State Government authorities particularly, SEZ authorities, Ministry of Corporate Affairs, Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs, the Ministry of Commerce and Industry, Ministry of Labour and employment, Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Ltd, National Securities Depository Limited and Central Depository Services (India) Limited and other State Government authorities and look forward to their support in all future endeavors.

Your Directors also wish to place on record their deep appreciation to Subexians at all levels for their hard work, solidarity, co-operation and support, as they are instrumental in your Company scaling new heights, year after year.

For Subex Limited

Anil Singhvi

Chairman & Independent Director
DIN:00239589

Bengaluru, India

May 13, 2019

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO
DIN:06563872

ANNEXURE A

Information as at March 31, 2019 pertaining to the Employee Stock Option Schemes of the Company

Sl.No	Particulars	ESOP 2005	ESOP 2018
1	Net options granted as on March 31, 2019	18,564	1,06,50,000
	Options granted during the year	-	1,06,50,000
2	Options vested but not exercised as on March 31, 2019	6,125	-
	Options vested during the year	-	-
3	Options exercised as on March 31, 2019	12,439	-
	Options exercised during the year	-	-
4	The total number of shares arising as a result of exercise of options during the year ended March 31, 2019	-	-
5	Exercise Price	₹10.26 - ₹24.99	₹6
6	Variation of terms of options	None	None
7	Money realized by exercise of options during the year	-	-
8	Total number of options in force	6,125	1,06,50,000
9	Options lapsed/cancelled/ surrendered as on March 31, 2019	58,20,354	Nil
	Options lapsed/cancelled/ surrendered during the year	17,930	Nil
10	Employee wise details of options granted during the year under review to:	-	-
	(i) Key managerial personnel	-	Vinod Kumar Padmanabhan- MD & CEO - 17,00,000* Venkatraman G S-CFO - 6,50,000 G V Krishnakanth-CS - 1,50,000
	(ii) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	Shankar Roddam - 900,000 Kiran Zachariah - 900,000 Mark Bourgoin - 650,000 Jamie More - 650,000 Suraj Balachandran - 650,000 Rohit Maheshwari - 650,000 Mohan Sitharam - 650,000
	(iii) identified employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-	-
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share'	(₹ 0.44)	(₹ 0.44)
12	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company is:	N.A	N.A
13	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. (As per note 35 of the Standalone Financial Statements)	₹13.74	₹18.24
14	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	N.A	Black-Scholes Model
	i. risk-free interest rate		6.90%
	ii. expected life		2 years
	iii. expected volatility		50%
	iv. expected dividends		0%
	v. market price on grant date		₹5.70

* Stock options granted to Mr. Vinod Kumar Padmanabhan, as an employee of Subex Assurance LLP.

For Subex Limited

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Bengaluru, India
May 13, 2019

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872



ANNEXURE B

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2018 to March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BMP & Co. LLP
Company Secretaries

Date: May 13, 2019
Place: Bengaluru

Pramod S M
Partner
FCS 7834 / CP No. 13784

ANNEXURE C

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2019

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SUBEX LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Subex Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not Applicable to the Company during the Audit Period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period);
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Audit Period); and
- i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) Other Laws Applicable Specifically to the Company namely:
 - (a) Information Technology Act, 2000 and the rules made thereunder
 - (b) Special Economic Zones Act, 2005 and the rules made thereunder
 - (c) Copy Right Act, 1957

We have also examined the compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.



- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except with respect to those agenda items which the company deemed to be unpublished price sensitive information (UPSI), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the compliance mechanism adopted by the company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For **V. SREEDHARAN & ASSOCIATES**

(Pradeep B. Kulkarni)

Partner

Bengaluru
May 13, 2019

FCS: 7260; CP No. 7835

Secretarial compliance report of Subex Limited for the year ended March 31, 2019

We have examined:

- all the documents and records made available to us and explanation provided by Subex Limited ("the listed entity");
- the filings/ submissions made by the listed entity to the stock exchanges;
- website of the listed entity;
- any other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Review Period);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Review Period);
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013 (Not Applicable to the Company during the Review Period);

- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder;
- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- (c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following action to comply with the observation made in previous reports:

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	The provisions of Section 203 of the Companies Act, 2013 has not been complied w.r.t appointment of Whole Time Company Secretary (the company has a company secretary who has been appointed as an acting Company Secretary but not as a Key Managerial Personnel).	31.03.2018 (Secretarial Audit Report pursuant to the provisions of Companies Act, 2013)	The Company has appointed Mr. G V Krishnakanth as a Whole Time Company Secretary under the provisions of Section 203 of the Companies Act, 2013 w.e.f 10.07.2018	For the period of non-compliance, the Company has to either compound or get it adjudicated with the Registrar of Companies, Karnataka

For **V. SREEDHARAN & ASSOCIATES**

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

Bengaluru
May 13, 2019

ANNEXURE D

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	December 06, 1994
iii)	Name of the Company	Subex Limited
iv)	Category / Sub Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru-560103
vi)	Whether listed Company (Yes / No)	Yes, on the National Stock Exchange of India Ltd and BSE Ltd
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Canbank Computer Services Limited J P Royale, 1st Floor, No.218 2nd Main, Sampige Road (Near 14th Cross), Malleswaram Bengaluru – 560 003 Contact No. 080-23469664/665

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company are stated)

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1.	Implementation and customization	-	46
2.	Managed services	-	28
3.	Support services	-	20

The above- mentioned services are constituents of Sub-contracting charges as recorded in the Financial Statements of the Company.

Additionally, the Company has made Investments in LLPs and the share of profit received from these investments contributes to 8% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares/ capital held*	Applicable Section
1.	Subex Technologies Limited, India	U74140KA2005PLC035905	Subsidiary	100.00	2 (87)
2.	Subex Assurance LLP, India	AAJ-0729	Subsidiary	100.00	2 (87)
3.	Subex Digital LLP, India	AAJ-0728	Subsidiary	100.00	2 (87)
4.	Subex Americas Inc., Canada	Foreign Company	Subsidiary	100.00	2 (87)
5.	Subex (UK) Limited, England	Foreign Company	Subsidiary	100.00	2 (87)
6.	Subex Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
7.	Subex (Asia Pacific) Pte Limited, Singapore	Foreign Company	Subsidiary	100.00	2 (87)
8.	Subex Azure Holdings Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
9.	Subex Middle East (FZE), UAE	Foreign Company	Subsidiary	100.00	2 (87)

*Includes % of holding, either directly or indirectly through subsidiaries

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,52,844	-	4,52,844	0.08	4,74,044	-	4,74,044	0.08	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	0.09	-	-	-	-	(0.09)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	9,74,044	-	9,74,044	0.17	4,74,044	-	4,74,044	0.08	(0.09)
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other.	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	9,74,044	-	9,74,044	0.17	4,74,044	-	4,74,044	0.08	(0.09)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	28,48,537	-	28,48,537	0.51	14,62,082	-	14,62,082	0.26	(0.25)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.01	78,764	-	78,764	0.01	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	5,50,94,999	-	5,50,94,999	9.80	-	-	-	-	(9.80)
Sub-total (B)(1)	5,80,22,300	-	5,80,22,300	10.32	15,40,846	-	15,40,846	0.27	(10.05)
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	11,83,97,679	400	11,83,98,079	21.07	11,51,35,575	400	11,51,35,975	20.50	(0.57)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹1 lakh	12,81,49,774	44,251	12,81,94,025	22.81	12,17,77,651	41,227	12,18,18,878	21.68	(1.13)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	21,11,59,948	-	21,11,59,948	37.57	26,49,70,321	-	26,49,70,321	47.15	9.58
c) Others (specify)	-	-	-	-	-	-	-	-	-
Trusts	3,88,300	-	3,88,300	0.07	3,91,300	-	3,91,300	0.07	-
Director & their relatives	79,095	-	79,095	0.01	79,095	-	79,095	0.01	-
Foreign Nationals	81,194	-	81,194	0.01	81,194	-	81,194	0.01	-
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non-Resident Indians	1,02,22,484	-	1,02,22,484	1.82	1,21,01,827	-	1,21,01,827	2.15	0.33
O C Bs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	37,95,674	-	37,95,674	0.68	12,06,890	-	12,06,890	0.21	(0.47)
shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	2,76,48,411	-	2,76,48,411	4.93	2,79,56,782	-	2,79,56,782	4.98	0.05
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	22,35,775	-	22,35,775	0.40	39,48,118	-	39,48,118	0.70	0.30



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	5,58,729	1,670	5,60,399	0.10	8,54,436	22	8,54,458	0.15	0.05
Sub-Total(B)(2)	50,27,17,063	46,321	50,27,63,384	89.47	54,85,03,189	41,649	54,85,44,838	97.61	8.14
Total Public Shareholding (B)=(B)(1)+ (B)(2)	56,17,13,407	46,321	56,17,59,728	99.79	55,00,44,035	41,649	55,00,85,684	97.88	(1.91)
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.04	2,43,207	-	2,43,207	0.04	-
Employee Benefit Trust [under the SEBI (Share Based Employee Benefit) Regulations, 2014]#	-	-	-	-	1,12,00,000	-	1,12,00,000	1.99	1.99
Grand Total (A+B+C)	56,19,56,614	46,321	56,20,02,935	100	56,19,61,286	41,649	56,20,02,935	100	

Held in the Demat account of the Trustees of the Subex Employee Welfare and ESOP Benefit Trust

II. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Kivar Holdings Private Limited	5,21,200	0.09	0.01	Nil	0.00	NA	(0.09)
2.	Subash Menon	80,601	0.01	0.01	1,01,801	0.02	0.02	0.01
3.	Sudeesh Yezhuvath	3,72,243	0.07	0.00	3,72,243	0.07	0.00	0.00

III. Change in Promoters' Shareholding

Sl. No.		Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
	Kivar Holdings Private Limited	5,21,200	0.09		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity, etc)				
	Inter - se transfer of 5,00,000 shares to Mr. Subash Menon on August 09, 2018			21,200	0.00
	Inter-se transfer of 21,200 shares to Mr. Subash Menon on March 30, 2019			Nil	0.00
2.	Subash Menon	80,601	0.01		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc)				
	Inter-se transfer of 5,00,000 shares from Kivar Holdings Private Limited on August 09, 2018			5,80,601	0.10
	Sale of 5,000 shares on September 25, 2018			5,75,601	0.10

Sl. No.		Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Sale of 2,95,000 shares on September 26, 2018			2,80,601	0.05
	Sale of 25,000 shares on September 27, 2018			2,55,601	0.04
	Sale of 1,25,000 shares on September 28, 2018			1,30,601	0.02
	Sale of 50,000 shares on October 01, 2018			80,601	0.01
	Inter-se transfer of 21,200 shares from Kivar Holdings Private Limited on March 30, 2019			1,01,801	0.02
3.	Sudeesh Yezhuvath	3,72,243	0.07		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity, etc): None			3,72,243	0.07
	At the End of the year			3,72,243	0.07
1.	Kivar Holdings Private Limited			Nil	NA
2.	Subash Menon			1,01,801	0.02
3.	Sudeesh Yezhuvath			3,72,243	0.07

iv. Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	UNO Metals Ltd	2,56,02,000	4.56	1,94,12,000	3.45
2.	AKG Finvest Ltd	1,97,10,000	3.51	1,85,60,000	3.30
3.	Shivani Tarun Haribhakti	1,00,000	0.02	1,15,85,337	2.06
4.	Niveditha Lalge R & Prashanth Nayak M [§]	Nil	-	1,12,00,000	1.99
5.	Stock Holding Corporation of India Ltd - A/C NSE Derivatives	6,26,000	0.11	66,70,042	1.19
6.	Barclays Wealth Trustees India Private Limited	Nil	-	55,00,000	0.98
7.	Hitesh Harakhchand Vora	12,49,999	0.22	47,71,999	0.85
8.	Anagha Advisors LLP	Nil	-	44,50,000	0.79
9.	Edelweiss Custodial Services Limited	16,80,388	0.30	52,49,943	0.93
10.	Dilipkumar Lakhi	40,96,322	0.73	40,96,322	0.73

[§] Held by the Trustees of the Subex Employee Welfare and ESOP Benefit Trust

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Anil Singhvi	60,000	0.01	60,000	0.01
2.	Nisha Dutt	NIL	N.A	-	-
3.	Poornima Prabhu	NIL	N.A	-	-
4.	Vinod Kumar Padmanabhan	19,095	0.01	19,095	0.01
5.	Ashwin Chalapathy (resigned w.e.f. May 4, 2018)	NIL	N.A	-	-
6.	Mehernaz Dalal (resigned as CFO w.e.f. November 30, 2018)	NIL	N.A	-	-
7.	Venkatraman G S (appointed as CFO w.e.f. November 30, 2018)	N.A	N.A	NIL	N.A
8.	G V Krishnakanth (appointed as CS w.e.f. July 10, 2018)	N.A	N.A	NIL	N.A

Sl. No.	For Each of the Directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the end of the year				
1.	Anil Singhvi	60,000	0.01	60,000	0.01
2.	Nisha Dutt	NIL	N.A	-	-
3.	Poornima Prabhu	NIL	N.A	-	-
4.	Vinod Kumar Padmanabhan	19,095	0.01	19,095	0.01
5.	Ashwin Chalapathy (resigned w.e.f May 04, 2018)	NIL	N.A	-	-
6.	Mehernaz Dalal (resigned w.e.f November 30, 2018)	NIL	N.A	-	-
7.	Venkatraman G S	NIL	N.A	-	-
8.	G V Krishnakanth	NIL	N.A	-	-

V. INDEBTEDNESS

The Company is debt-free as on March 31, 2019.

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Vinod Kumar Padmanabhan Managing Director & CEO	(₹ in Lakhs)
			Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	56.97 [#]	56.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify...	-	-
5.	Others, please specify (Flexible Benefit Plan)		
	Total	56.97	56.97
	Ceiling as per the Act	60 Lakhs pa as per Section II of Part II of Schedule V of the Act	60 Lakhs.

[#] Remuneration paid from Subex Limited.

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Name of Directors			
		Anil Singhvi	Nisha Dutt	Poornima Prabhu	Total Amount
1.	Independent Directors				
	Fee for attending board/committee meetings	24.00	14.00	18.00	56.00
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	24.00	14.00	18.00	56.00
2.	Other Non-Executive Directors	Ashwin Chalapathy (resigned w.e.f 04.05.2018)			
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	24.00	14.00	18.00	56.00
	Total Managerial Remuneration	24.00	14.00	18.00	56.00
	Overall Ceiling as per the Act	₹1,00,000 per meeting for the Independent Directors			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakhs, except Options)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Mehernaz Dalal Chief Financial Officer upto November 30, 2018	Mr. Venkatraman G S Chief Financial Officer w.e.f November 30, 2018	Mr. G V Krishnakanth Company Secretary w.e.f July 10, 2018
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	63.08	29.78	23.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options (granted)	-	6,50,000	1,50,000
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	1.44	-
	Total (1+2+3+4+5)	63.08	31.22	23.52
	Ceiling as per the Act	Not Applicable		

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE E

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

A. Criteria for Appointment of Non-Executive Directors & Independent Directors

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the N&R committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The N&R committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act 2013.
- d) The N&R Committee shall consider the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Non-Executive Director.
 - i) Qualification, experience and expertise of the Non-Executive Directors in their respective fields;
 - ii) Personal, professional or business standing;
 - iii) Diversity of the Board.
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, profit related commission as may be approved by the members and reimbursement of expenses for participation in the Board/Committee meetings as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014;

- ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

B. Criteria for Appointment of Executive Directors

For the purpose of appointment of any Executive Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee shall also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for Executive Director

- i. At the time of appointment or re-appointment, the Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Executive Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The Remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Executive Director may be broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:
 - a. The relationship of remuneration and performance benchmarks is clear;
 - b. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. Responsibility required to be shouldered by the Executive Director, the industry benchmarks and the current trends and;
 - d. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

C. Remuneration Policy for Key Managerial Personnel

In determining the remuneration of the Key Managerial Personnel, the N&R Committee shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives are appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market; and
- v) The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to N&R Committee for its review and approval.

D. Remuneration Policy for Other Employees

In determining the remuneration of the other employees the Company, the Reporting Manager shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear;
- ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market;
- v) The Reporting Manager will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive.

ANNEXURE F

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm’s length basis	
a. Name(s) of the related party and nature of relationship	NOT APPLICABLE
b. Nature of contracts/ arrangements/ transactions	
c. Duration of the contracts/ arrangements/ transactions	
d. Salient terms of the contracts or arrangements or transactions including the value, if any	
e. Justification for entering into such contracts or arrangements or transactions	
f. Date(s) of approval by the Board	
g. Amount paid as advances, if any:	
h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	
2. Details of material contracts or arrangements or transactions at arm’s length basis	
(a) Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited (b) Subex (UK) Limited (c) Subex Americas Inc. (d) Subex (Asia Pacific) Pte. Limited (e) Subex Inc. (f) Subex Middle East (FZE) (g) Subex Azure Holdings Inc (h) Subex Assurance LLP (i) Subex Digital LLP (All the aforementioned entities are subsidiaries of Subex Limited)
(b) Nature of contracts/ arrangements/ transactions	A. Sub-Contracting Transactions Subex (Asia Pacific) Pte Ltd Subex Inc. B. Marketing & Allied Services Expense Transactions Subex (UK) Limited Subex Inc. C. Reimbursement of expenses Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Assurance LLP Subex Digital LLP
(c) Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.

Additional Note for point no. 2 : The Company had granted an interest free loan to the Subex Employee Welfare and ESOP Benefit Trust during the financial year. (Refer Note 32 forming part of the Standalone Financial Statements)

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	A. Sub-Contracting Transactions The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company B. Marketing & Allied Services Expense Transactions The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company C. Reimbursement of expenses Group entities incur cost on behalf of other entities for administrative convenience, which is then cross charged to respective entity on cost-to-cost basis. The details pertaining to the value of transactions, form part of the Related Party Schedule to the Standalone Financial Statements. (Note 32)
(e) Date(s) of approval by the Board, if any:	May 04, 2018
(f) Amount paid as advances, if any:	N.A

For Subex Limited

Anil Singhvi
Chairman & Independent Director
DIN:00239589
Bengaluru, India
May 13, 2019

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872

ANNEXURE G

Details / Disclosures of Ratio of Remuneration

Particulars	
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Vinod Kumar Padmanabhan (MD & CEO) 3.65 : 1.00
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	MD & CEO: 51.62% CFO & CS: Incomparable.
(iii) the percentage increase in the median remuneration of employees in the financial year;	The median remuneration increased by 27.70 %.
(iv) the number of permanent employees on the rolls of Company;	33
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was an increase of 51.10% in the salaries of employees other than managerial personnel. This increase is due to the reallocation of employees between the Company and its subsidiaries (i.e between Subex Limited, Subex Assurance LLP and Subex Digital LLP). There was increase of 51.62% in the remuneration paid to the MD & CEO during the period under review.
(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration of Directors, Senior Management and Employees is as per the Remuneration Policy of the Company.

ANNEXURE H

ANNUAL REPORT ON CSR ACTIVITIES

Sustainable practices have always been an integral part of Subex Limited. Corporate Social Responsibility is a large part of our overall sustainability policy encompassing social action. Subex Charitable Trust is our primary social responsibility trust. The objective was enabling education of eligible students from financially weaker sections of society and vocational training for women

1. OBJECTIVE AND SCOPE

The objective of the Corporate Social Responsibility ("CSR") policy of Subex Limited ("the Company") is to lay down guidelines to enable the Company to take the required measures to make a meaningful contribution to the society and other stakeholders

The CSR Activities of the company will be focused on :

a) eradicating extreme hunger and poverty; b) promotion of education; c) promoting gender equality and empowering women; d) reducing child mortality and improving maternal health; e) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; f) ensuring environmental sustainability; g) employment enhancing vocational skills; h) social business projects; i) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled

Castes, the Scheduled Tribes, other backward classes, minorities and women; and j) such other matters as may be prescribed.

For more detail visit <https://www.subex.com/shareholder-services/>.

2. CSR COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2019.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Ms. Nisha Dutt	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

- Average Net Profit of the Company for the last three financial years: (₹5,967.92 Lakhs)
- Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): NIL
- Details of CSR spent during the financial year:
 - Total amount spent for the financial year: Not applicable
 - Amount unspent, if any: Not applicable

c. Manner in which the amount spent during the financial year is detailed below:

Particulars	Details
CSR project or activity identified	Not Applicable
Sector in which the project is covered	
Projects or programme	
(1) Local area or other	
(2) Specify the state and district where projects or programs were undertaken	
Amount outlay (budget project or programme wise)	
Amount spent on the project or programme	
Sub Heads;	
(1) Direct expenditure on projects or programmes	
(2) Overheads	
Cumulative expenditure up to the reporting period	
Amount Spent directly or through implementing agency	

6. Reason for not spending the prescribed CSR expenditure: Not Applicable

7. CSR Responsibility Statement:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support to the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries. The SCT has also provided its support for the education of economically challenged meritorious students as part of the Nurture Merit Programme.

FOCUS AREA

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Employment enhancing vocational skills.

ACTIVITIES COVERED DURING THE YEAR

Pursuant to the provisions of Section 198 of the Companies Act, 2013, the company has incurred losses during the preceding 3 financial years. Though it is not mandatory to incur any expenditure on CSR activities, the below activities have been voluntarily undertaken during the year.

- a) An amount of ₹5,92,000 was contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas.
- b) The SCT also sponsored vocational training programmes to the Prerana Resource Centre. The Centre is an organization for visually impaired and disabled orphan teenage girls, aiming to make them self-reliant through these trainings. An amount of ₹7,88,000 was contributed towards this cause.

For Subex Limited

Anil Singhvi

Chairman & Independent Director

DIN:00239589

Bengaluru, India

May 13, 2019

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN:06563872

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Therefore, situation, performance, ownership and governance of the Company are equally important with respect to the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

Subex Limited's ("Subex / the Company") compliance with the Corporate Governance guidelines as stipulated by the stock exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"] is described in this section. The Company believes that sound Corporate Governance is critical to enhance and retain investor's trust. Subex respects minority rights in its business decisions.

The Company's Corporate Governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law
- Be transparent and maintain high degree of disclosure levels
- Communicate externally, in a truthful manner, about how the Company is run internally
- Comply with the laws in all the countries in which the Company operates

Subex is committed to good Corporate Governance practices. Consistent with this commitment, Subex seeks to achieve a high level of responsibility and accountability in its internal systems and policies. Subex respects the inalienable rights of the shareholders to information on the performance of the Company. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

All details mentioned in this Report are as at March 31, 2019. Material changes and events between the end of the financial year and date of the report are provided where ever required.

II. BOARD OF DIRECTORS

As on March 31, 2019, the Board of Directors of Subex Limited comprises of four directors out of which one is an Executive Director and three are Independent Directors. The Independent Directors satisfy the criteria of independence specified in the Act and as laid down under Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015. They also meet the criteria for their appointment formulated by the Nomination & Remuneration Committee ("NRC") as approved by the Board.

Mr. Vinod Kumar Padmanabhan was appointed as the Chief Executive Officer and Managing Director of the Company with effect from April 01, 2018. The Board appointed Mr. Vinod Kumar Padmanabhan as a member of the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee with effect from April 01, 2018.

The Board at its meeting held on May 04, 2018 took note of the resignation tendered by Mr. Ashwin Chalapathy, from the Board of Subex and its subsidiaries with effect from May 04, 2018.

The Company is listed amongst top 1000 Companies based on market capitalisation as on March 31, 2019, by the National Stock Exchange of India Limited. In accordance with amendment to Regulation 17(1)(c) of the SEBI (LODR) Regulations, the Board of Directors of the Company shall comprise of six directors with effect from April 01, 2019. In line with the said amendment, the Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director, to hold office until the date of the 25th Annual General Meeting (AGM) and intends to appoint one more person as Additional Director.

A. Details of Board of Directors and their attendance is as follows:

Director	Position & Category	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. Of Directorships in Private Companies	No. Of Directorships in Public Companies [▲]	No. Of Board/ Committees in which the Director is Chairman [■]	No. Of Board /Committees in which the Director Is Member [■]
*Mr. Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer [Executive/ WTD]	7	6	Yes	-	2	-	2
Mr. Anil Singhvi	Chairman & Independent Director	7	7	Yes	1	6	2	4
Ms. Nisha Dutt	Independent Director	7	4	Yes	-	1	-	2
Ms. Poornima Prabhu	Independent Director	7	7	Yes	-	1	-	1
**Mr. Ashwin Chalapathy	Non-Executive, Non-Independent Director	1	0	NA	-	1	-	-

Details of Directorships along with category held by Directors in other Listed Entities:

Name of the Director	Name of the Listed Entity	Category of Directorship
*Mr. Vinod Kumar Padmanabhan	Nil	Nil
Mr. Anil Singhvi	Hindustan Construction Company Limited # Deepak Fertilisers and Petrochemicals Corporation Ltd	Independent Director Independent Director
Ms. Nisha Dutt	Nil	Nil
Ms. Poornima Prabhu	Nil	Nil
**Mr. Ashwin Chalapathy	Nil	Nil

Notes:

- ▲ Includes both Listed and Unlisted Public Companies and includes the Directorship details held in Subex Limited.
- Committee means Audit Committee and Stakeholders' Relationship Committee. Membership details mentioned above includes chairmanship positions held.
- * The Board at its meeting held on March 21, 2018, appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and Chief Executive Officer of the Company with effect from April 01, 2018.
- ** The Board at its meeting held on May 04, 2018, considered the resignation tendered by Mr. Ashwin Chalapathy from the Directorship of the company with effect from May 04, 2018. All details of Mr. Ashwin Chalapathy in this report, wherever it appears, are up to the date of his resignation.
- # Mr. Anil Singhvi resigned from the Board of Deepak Fertilisers and Petrochemicals Corporation Ltd w.e.f April 19, 2019.

Additional information:

1. Mr. Anil Singhvi was appointed on the Board of Shree Digvijay Cement Company Ltd effective from April 30, 2019.
2. Ms. Poornima Prabhu resigned from the Board of Finolex Cables Limited effective from March 31, 2019.

B. Number and Dates of Board Meetings

Details of meetings of the Board held during the financial year 2018-19 are as follows:

Sl.	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	June 26, 2018
3.	No. 3/2018-19	July 19, 2018
4.	No. 4/2018-19	July 31, 2018
5.	No. 5/2018-19	September 10, 2018
6.	No. 6/2018-19	October 31, 2018
7.	No. 7/2018-19	January 29, 2019

C. Disclosure of relationships between directors inter-se:

There are no *inter se* relationships between the Board members.

D. Details of Shareholding of Non- Executive Directors:

Name of the Director	No. of Shares held as at March 31, 2019	% of equity
Mr. Anil Singhvi	60,000	0.010%
Ms. Nisha Dutt	NIL	NA
Ms. Poornima Prabhu	NIL	NA
Mr. Vinod Kumar Padmanabhan	19,095	0.003%

There are no convertible instruments held by the non-executive directors of the Company.

E. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide independent directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the directors on the roles, responsibilities, rights and duties under the Companies Act, 2013 and other statutes. There was no independent director appointed during the year. Details of the familiarization programme imparted to independent directors is available on the following link <https://www.subex.com/shareholder-services/>.

Core skills/expertise/competencies of the Board of Directors.

The Board of Subex comprises of highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the decision making process of the Board.

Mr. Anil Singhvi, Chairman & Independent Director is a Chartered Accountant, and has over 30+ years of experience in the corporate sector and provides his rich financial expertise, advice and guidance to the Company in formulating the strategic plan for business, financial and related aspects. Apart from Subex limited he is also on the board of reputed companies.

Mr. Vinod Kumar Padmanabhan, Managing Director & CEO who has over 20+ years of experience in the corporate world

has spearheaded several initiatives that helped the company engage with its customer as a long-term strategic partner and he also involves in the field of Sales and customer interaction and negotiation where ever needed. Since April 01, 2018 he has been instrumental in ramping up Subex's operations in Africa, Eastern Europe and the Middle East. He has been successful in meeting the top industry heads and has been a part of several discussion forums which has added value to the company in attracting the business talents and major business dealings.

Ms. Poornima Prabhu, Independent Director holds a degree in Bachelor of Arts and LLB, provides her valuable advice to the Board and assists in the decision making related to the Legal and Governance aspects. In her past career, she served Lodha Ventures Holdings Pvt Ltd. as Head – Legal and as Of Counsel at J. Sagar Associates. She has a rich experience in corporate law, including mergers and acquisitions, divestment and litigation settlement.

Ms. Nisha Dutt, Independent Director holds a Master's degree and provides her expertise to the management in devising the business management, strategic plans and adds value towards solving the management related queries. She has played a vital role as a CEO of Intellectap and was responsible for front ending the conceptualisation programmes.

The Board is satisfied that the independent directors have met their criteria of independence as required under the SEBI (LODR) Regulations, 2015 and relevant declarations have been received from the directors.

III. AUDIT COMMITTEE

The constitution of the Audit Committee complies with the requirement under Section 177 of the Companies Act, 2013 and

Regulation 18 of SEBI (LODR) Regulations. All the members of Audit Committee have accounting and financial expertise. The Company Secretary acts as the Secretary to the Committee.

A. Terms of Reference

The Audit Committee has, inter alia, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 some of which are:

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment, terms of appointment or reappointment and, if required, the replacement or removal of the statutory auditor and their remuneration;
3. Approving the payment to be made to the statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinions in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Discussing with internal auditors any significant findings and follow up there on;
11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
12. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
13. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
14. Overseeing the functioning of the whistle blower/ vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and to take action against repeated frivolous complaints filed by director or employee;
15. Powers to investigate any activity within its terms of reference or referred to it by the Board, have full access to information contained in the books of accounts, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
16. Carrying out any other function as mentioned in the terms of reference of the Audit Committee and as prescribed under the SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and the Rules made thereunder and any other statutory/ regulatory body from time to time;
17. Examination of the financial statement and the auditors' report thereon;
18. Scrutinizing the inter-corporate loans and investments;
19. Valuation of undertakings or assets of the company, wherever it is necessary;
20. Evaluating the internal financial controls and risk management systems;
21. Monitoring the end use of funds raised through public offers and related matters;
22. Approving the appointment of CFO (i.e., the whole-time

Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

23. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussing any related issues with the internal and statutory auditors and the management of the company, if any;
24. Approval or any subsequent modification of transactions of the company with related parties;
25. Approval / recommendation to the Board of the transactions other than transactions referred to in Section 188;

26. Omnibus approval of the related party transactions proposed to be entered into by the Company subject to the provisions of the Companies Act, 2013;
27. Ratification of the transactions upto ₹1 crore entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee;
28. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

The Audit Committee charter containing terms of reference is also available on the Company's website at <http://www.subex.com/shareholder-services/>.

B. Composition of the Audit Committee as on March 31, 2019

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Ms. Poornima Prabhu	Independent Director
4.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

C. Meetings and Attendance of the Committee during the Year

During the financial year 2018-19, the following meetings of the Audit Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/ 2018-19	May 04, 2018*
2.	No. 2/ 2018-19	June 26, 2018
3.	No. 3/ 2018-19	July 31, 2018*
4.	No. 4/ 2018-19	September 10, 2018
5.	No. 5/ 2018-19	October 31, 2018*
6.	No. 6/ 2018-19	January 29, 2019*

*dates on which the Quarterly/Half Yearly/ Year ended results were considered.

The Attendance of the directors at the Audit Committee Meetings during the Financial Year 2018-19 were as follows:

Name of the Director	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi (Chairman)	6	6
Ms. Nisha Dutt	6	3
Ms. Poornima Prabhu	6	6
Mr. Vinod Kumar Padmanabhan	6	5

IV. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee has been constituted as required under Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015. All the three members including the chairperson are Independent directors.

The Nomination & Remuneration Committee has, inter alia, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 17 of the Companies Act, 2013 some of which are:

A. Terms of Reference

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, KMP or other employees and recommend to the Board of Directors a policy relating to the appointment & remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, the Committee or by an independent

external agency and review its implementation and compliance;

3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors on their appointment, remuneration and removal;
5. Develop and recommend to the Board succession plan for the key positions in the company (the "Succession Plan"), to review the Succession Plan periodically, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan and to perform a consultative and advisory role for any appointment requiring Board approval for the top management positions of the Company;

6. Administer the Company's equity incentive plans, including the review and grant of options to eligible employees under the plans and the terms and conditions applicable to such options, subject to the provisions of each plan;
7. Deciding on whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
9. Carrying out any other function as prescribed under the SEBI Listing Regulations, the Companies Act, 2013 and the Rules made thereunder and any other statutory/regulatory body from time to time;

The Nomination & Remuneration Committee charter containing terms of reference is also available on the Company's website at <https://www.subex.com/shareholder-services/>.

A. Composition of the Nomination & Remuneration Committee as on March 31, 2019 is as follows:

Sl. No	Name of the Director	Category
1.	Ms. Nisha Dutt (Chairperson)	Independent Director
2.	Mr. Anil Singhvi	Independent Director
3.	Ms. Poornima Prabhu	Independent Director

B. Meetings and Attendance of the Committee during the Year

During the financial year 2018-19, the following meetings of the Nomination & Remuneration Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	June 26, 2018
3.	No. 3/2018-19	September 10, 2018
4.	No. 4/2018-19	October 31, 2018
5.	No. 5/2018-19	January 29, 2019

At the meeting of the Committee held on March 21, 2018, the Committee approved the appointment and remuneration of Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company for a period of 3 years with effect from April 01, 2018.

Attendance of the members of the Nomination & Remuneration Committee meetings during the financial year 2018-19 were as follows:

Name of the Director	No. of Nomination & Remuneration Committee Meetings Held	No. of Nomination & Remuneration Committee Meetings Attended
Ms. Nisha Dutt	5	2
Mr. Anil Singhvi	5	5
Ms. Poornima Prabhu	5	5

C. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the directors individually, as well as the evaluation of all the Committees of the Board. The Committee formulated the criteria for evaluation of the Chairman, Board of Directors, Members of the Committee and Individual Directors and the evaluation is conducted accordingly. The evaluation criteria included aspects related to competency of directors, strategy and performance

evaluation, governance, independence, effectiveness, structure of the board/committee, level of engagement and contribution, independence of judgement etc. The performance evaluation of the independent directors was carried out by the entire Board. The performance evaluation of the Chairman and non-independent directors was carried out by the independent directors. The directors expressed their satisfaction with the evaluation process and its results, which reflected in the overall management of the Board and its committees with the Company.



D. Details of remuneration paid to all the Directors during the year 2018-19 are as follows:

The Independent Directors are paid sitting fees of ₹1,00,000 per meeting for attendance in the Board Meetings and Meetings of other Committees of the Board.

The Nomination & Remuneration Committee determines and recommends to the Board, the compensation payable to the Executive Directors. All Board level compensation is approved by the shareholders, where necessary, and is separately disclosed in the financial statements. The compensation, however, is within the parameters set by the provisions of the Companies Act, 2013 and rules made thereunder.

Details of remuneration paid to the directors during the year 2018-19 are as follows:

(₹ in Lakhs)		
Name	Sitting fees	Salary and perquisites
Mr. Anil Singhvi	24.00	-
Ms. Nisha Dutt	14.00	-
Ms. Poornima Prabhu	18.00	-
Mr. Vinod Kumar Padmanabhan	-	56.97
Mr. Ashwin Chalapathy*	-	Nil

* Details of the remuneration paid until May 04, 2018.

Remuneration Details of Executive Director:

Mr. Vinod Kumar Padmanabhan, Managing Director & CEO

- Tenure: 3 years (April 01, 2018 to March 31, 2021)
- Remuneration: ₹60,00,000 per annum for a period of 3 years from April 01, 2018.
- Taxes: Mr. Vinod Kumar Padmanabhan will be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with appropriate authority.
- Expenses: The Company shall reimburse all reasonable travelling and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities.
- Other terms and conditions: As per the employment agreement between Subex Limited and Mr. Vinod Kumar Padmanabhan

Complete details of remuneration paid to Executive Directors / Non-Executive Directors during the financial year 2018-19 are provided in (Annexure D) the extract of the Annual Return,

annexed to the Board's Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.

The Company has laid down the criteria for making payments to the Non-Executive Directors. The details of such criteria are available in the Remuneration Policy disseminated on the website of the Company at the below link <https://www.subex.com/shareholder-services/>.

V. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee is responsible for addressing the investor complaints and grievances. The Committee meets on a periodic basis to address the investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other documents etc. Details of grievances of the investors are provided in the "Shareholders' Information" section of this Annual Report. The committee has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The Company Secretary is the compliance officer of the Committee.

A. Composition of the Stakeholders' Relationship Committee as on March 31, 2019

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Vinod Kumar Padmanabhan *	Managing Director & CEO

* Mr. Vinod Kumar Padmanabhan was inducted to the Stakeholders' Relationship Committee by the Board with effect from April 01, 2018.

The Board of Directors in their meeting held on May 13, 2019 reconstituted the composition of Stakeholders' Relationship Committee as follows:

Sl. No	Name of the Director	Category
1.	Ms. Poornima Prabhu (Chairperson)	Independent Director
2.	Mr. Anil Singhvi	Independent Director
3.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

B. Meetings and Attendance of the Committee during the year 2018-19:

During the financial year 2018-19, the following meetings of the Stakeholders' Relationship Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	July 31, 2018
3.	No. 3/2018-19	October 31, 2018
4.	No. 4/2018-19	January 29, 2019

C. Attendance of the Directors at the Stakeholders' Relationship Committee Meetings for the financial year 2018-19 were as follows:

Name of the Director	No. of Stakeholders' Relationship Committee Meetings Held	No. of Stakeholders' Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Ms. Nisha Dutt	4	3
Mr. Vinod Kumar Padmanabhan	4	4

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The details of the complaints received and resolved during the fiscal year ended March 31, 2019 are as follows:

Name of the Non-Executive Director heading the Committee	Mr. Anil Singhvi, Chairman & Independent Director
Name of the Compliance Officer	Mr. G V Krishnakanth, Company Secretary
Number of shareholders' complaints pending at the beginning of the year	0
Number of shareholders' complaints received during the year	4
Number of shareholder's complaints redressed during the year.	4
Number of shareholder's complaints not solved to the satisfaction of the shareholders	0
Number of shareholder's complaints pending at end of the year	0

VII. ESOP COMMITTEE (Compensation Committee)

The Company has instituted Employee Stock Option Schemes in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee grants and administers options under the stock options schemes to eligible employees. Details of the Employee Stock Options are available under the Board's Report section of the Annual Report.

A. Composition of The ESOP Committee as on March 31, 2019

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Ms. Poornima Prabhu	Independent Director

B. Meetings and Attendance during the Year

The Committee administers the ESOP schemes of the Company by passing resolutions by circulation whenever necessary. These resolutions are tabled before the Board of Directors at their respective meetings which is noted.

During the year ESOP Committee (Compensation Committee) of the Board was dissolved and all powers of the Committee were vested in the Nomination & Remuneration Committee of the Board of Directors.

VIII. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has

constituted the Corporate Social Responsibility Committee ("CSR Committee"). The CSR Committee has, inter alia, the following mandate:

- formulate and recommend to the Board of Directors of the Company, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.



A. Composition of the CSR Committee as on March 31, 2019

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Vinod Kumar Padmanabhan*	Managing Director & CEO

* Mr. Vinod Kumar Padmanabhan was inducted to the Corporate Social Responsibility Committee with effect from April 01, 2018.

B. Meetings and Attendance of the Committee during the year 2018-19:

During the financial year 2018-19, the Committee met on July 19, 2018 to discuss and approve the contribution to be made towards the Corporate Social Responsibility programs.

Name of the Director	No. of CSR Committee Meetings held	No. of CSR Committee Meetings attended
Mr. Anil Singhvi	1	1
Ms. Nisha Dutt	1	1
Mr. Vinod Kumar Padmanabhan	1	1

Pursuant to the provisions of Section 198 of the Companies Act, 2013, the company has incurred losses during the preceding 3 financial years. Though it is not mandatory to incur any expenditure on CSR activities, the below activities have been voluntarily undertaken during the year.

- An amount of ₹5,92,000 was contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas.
- The SCT also sponsored vocational training programmes to the Prerana Resource Centre. The Centre is an organization for visually impaired and disabled orphan teenage girls, aiming to make them self-reliant through these trainings. An amount of ₹7,88,000 was contributed towards this cause.

The CSR Charter and the Policy of the company are available on the website of the company at <https://www.subex.com/shareholder-services/>.

IX. RISK MANAGEMENT COMMITTEE

To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, it has constituted a Risk Management Committee to review the internal financial controls amongst other matters. The said Committee has also within its scope, the evaluation of significant risk exposures of the Company and to assess Management's actions to mitigate the exposures in a timely manner. The Company considers activities at all levels of the organization, i.e. Enterprise level, Division level, Business Unit level and Subsidiary level in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements i.e. Risk Assessment, Risk Management and Risk Monitoring.

A. Composition of the Risk Management Committee as on March 31, 2019

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Ms. Nisha Dutt*	Independent Director
3.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

*Ms. Nisha Dutt was appointed as a member of the Risk Management Committee with effect from April 01, 2018

B. Meetings and Attendance of the Committee during the year 2018-19:

The committee met once during the financial year 2018-19 at its meeting held on July 19, 2018 to identify the risks which could be foreseen for the company and mitigate the same.

Name of the Director	No. of Risk Management Committee Meetings Held	No. of Risk Management Committee Meetings attended
Mr. Anil Singhvi	1	1
Ms. Nisha Dutt	1	1
Mr. Vinod Kumar Padmanabhan	1	1

X. INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met once, inter alia, to:

- Review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- Assess the quality, quantity and timeliness of flow of information between the Management of the listed entity and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

XI. GENERAL BODY MEETINGS

A. Location and time of the last three AGMs:

Year	Date of AGM	Venue	Time
2015-16	September 12, 2016	Registered Office of the Company	2:00 PM
2016-17	July 28, 2017	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru-560 052	3:00 PM
2017-18	July 31, 2018	"The Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru-560001	2:00 PM

Details of the Special Resolutions passed at the last three AGMs:

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining to-
September 12, 2016	2	1. Alteration of Articles of Association of the Company. 2. Re-appointment of Mr. Surjeet Singh as Managing Director & CEO of the Company for a period of one year from October 05, 2016 to October 04, 2017.
July 28, 2017	3	1. Appointment of Mr. Vinod Kumar Padmanabhan as Whole-Time Director of the Company. 2. Appointment of Mr. Ashwin Chalapathy as Whole-Time Director of the Company. 3. Approve payment of remuneration to Independent Directors by way of commission.
July 31, 2018	4	1. Approval of the Employee Stock Option Scheme 2018 of the Company and Grant of Employee Stock Options to the employees of the Company thereunder. 2. Approval of the Employee Stock Option Scheme 2018 and grant of Employee Stock Options to the employees of the Company's subsidiaries under the Scheme. 3. Authorization to the 'Subex Employee Welfare and ESOP Benefit Trust' for Secondary Acquisition. 4. Provision of interest free loan by the Company for purchase of its own shares by the Trust /Trustees for the benefit of Employees and Employees of Subsidiaries under the Subex Stock Option Scheme 2018.

During the financial year ended March 31, 2019, there were no special resolutions passed through the postal ballot.

B. Location and time of the last three EGMs.

During the last three years, there was no Extra – Ordinary General Meetings held. However, the details of the latest three Extra-Ordinary General Meetings held are as follows:

Year	Date of EGM	Venue	Time
2011-12	December 28, 2011	Registered office of the Company	11:30 A M
2012-13	June 28, 2012	Registered office of the Company	11:30 A M
2012-13	August 17, 2012	Registered office of the Company	11:30 A M

C. Postal Ballot during the financial year 2018-19

There was no postal ballot conducted during the financial year 2018-19.

XII. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

The annual audited /half yearly & quarterly un-audited results are generally published in all editions of Financial Express/ Business Standard/ Economic Times (English) and Vijay Karnataka/ Vishwavani (Kannada). The complete financial statements are

posted on the Company's website <https://subex.com/news-events/#statutory-advertisement>. Subex also regularly provides information to the Stock Exchanges as per the requirements of the SEBI (LODR) Regulations, 2015 and updates the website periodically to include information on new developments, press release and business opportunities and the same is displayed on the website of the company under <https://subex.com/newsroom/>.

Being a Company with strong focus on green initiatives, Subex proposes to send all the shareholder communications such as



the notice of General Meetings, Audited Financial Statements, Board's Report, Auditors' Report, etc., as done in the past, to its shareholders in electronic form by sending the said reports to the e-mail id provided by them and made available to us by the Depositories. Members are requested to register their e-mail id with their respective Depository Participant and inform them of any changes to the same from time to time. However, Members who prefer physical copy to be delivered may write to the Company at its registered office or send an e-mail to investorrelations@subex.com by providing their DP ID and Client ID as reference. The Company during the said financial year 2018-19, had scheduled the Investor calls to discuss on the Earnings of the Company for relevant quarters which were scheduled on August 01, 2018 and January 30, 2019 respectively. The Company did not have any Institutional investors during the financial year and hence there were no presentations made to the institutional investors. The transcripts pertaining to the Earning's call held during the year are uploaded on the Company's website under the link <https://subex.com/news-events/#investor-analyst-call>.

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under The Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standards (AS18) and IND AS has been made in the note 31 to the Standalone and Note 32 to the Consolidated Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link at <https://www.subex.com/shareholder-services/>

None of the Independent Directors have any material pecuniary relationship or transactions with its Promoters, its Directors, its Senior Management or its subsidiaries which may affect independence. The Company has received the relevant declarations in this regard from its Independent Directors.

B. INSIDER TRADING

The company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated persons of the Company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors

and the designated persons while in possession of unpublished price sensitive information in relation to the company and during the period when the Trading Window is closed. The Company Secretary & Compliance Officer is responsible for implementation of the Code.

C. FINES

During the year 2018-19, there was no fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets. Also, there was no other fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

D. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 require all the listed companies to institutionalize the vigil mechanism and whistle blower policy. The Company since its inception believes in honest and ethical conduct from all the employees and others who are associated directly and indirectly with the Company. The Audit Committee is also committed to ensure a fraud-free work environment. The policy provides a platform to all the employees, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the following reporting protocols:

Adequate safeguards have been provided in the policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee at whistleblower@subex.com is also available in exceptional cases and no personnel has been denied access to the audit committee during the said financial year. This policy is applicable to all the directors, employees, vendors and customers of the Company. The policy is also posted on the website of the Company.

The Whistle Blower Policy of the company is available on the website of the company at <https://www.subex.com/shareholder-services/>.

E. POLICY ON 'MATERIAL' SUBSIDIARY COMPANIES

A policy on materiality of subsidiaries has been formulated and the same has been posted on the website of the Company under the link <https://www.subex.com/shareholder-services/>.

The Annual Financial Statements of material subsidiaries are tabled before the Audit committee and Board meetings.

F. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is not doing any hedging activities, as there is a natural hedge between exports and imports.

G. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A).

There were no funds raised by the Company through Preferential allotment or qualified institutional placement as specified under the above mentioned regulation during the financial year 2018-19.

H. CEO/CFO CERTIFICATION

The Company has obtained a certificate from the CEO/CFO as required by Regulation 17 (8) (Part B of Schedule II) of the SEBI

(LODR) Regulations, 2015 and the same forms a part of this report as "Annexure A".

I. A CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE THAT NONE OF THE DIRECTORS ON THE BOARD OF THE COMPANY HAVE BEEN DEBARRED OR DISQUALIFIED FROM BEING APPOINTED OR CONTINUING AS DIRECTORS OF COMPANIES BY THE BOARD/MINISTRY OF CORPORATE AFFAIRS OR ANY SUCH STATUTORY AUTHORITY.

A Certificate from the Practicing Company Secretary is received by the company stating that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the board/ministry of corporate affairs or any such statutory authority and the same is annexed to this report as "Annexure B".

J. DETAILS OF FEES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART.

Fee disclosures as required by Clause 10(k), Part C, Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The total fees for all services paid by Subex Limited and its subsidiaries, on a consolidated basis, to S.R. Batliboi and Associates LLP, Statutory Auditors and other firms in the network entity of which the statutory auditor is a part, as included in the consolidated financial statements of the Company for the year ended March 31, 2019, is as follows:

	(₹ in Lakhs)
Fees for audit and related services paid to S.R. Batliboi & Associates LLP	119
Other fees paid to S.R. Batliboi & Associates LLP & Affiliate firms and to entities of the network of which the statutory auditor is a part.	5.5
Total fees	124.5

K. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has an Internal Complaints Committee (ICC Committee) which meets regularly to discuss and monitor if there is any sexual harassment in the work place and resolves the issues if any. During the financial year under consideration, the ICC committee did not receive any complaints related to the sexual harassment of women.

L. CODE OF CONDUCT

In compliance with Regulation 17 (5) of the SEBI (LODR) Regulations, 2015, the Company has adopted a Code of Conduct (the 'Code'). This Code is applicable to the Members of the Board, Senior Management Personnel and all employees of the Company and Subsidiaries. The Code lays down the standard of conduct which is expected to be followed by the Board of Directors and the designated employees in their business dealings particularly on

matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

During the said Financial year the code underwent an amendment which was approved by the Board at its meetings held on May 13, 2019. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31, 2019. A declaration to this effect, signed by the Managing Director & CEO is provided in the certification section of the Annual Report. The Code has been posted on the Company's website under the link <https://www.subex.com/shareholder-services/> as "Annexure C".

M. RECOMMENDATION OF THE COMMITTEES

There were no instances in the financial year 2018-19, where the Board had not accepted any recommendation of any committee of the board which is mandatorily required.



XIV. Management Discussion and Analysis

The Management Discussion and Analysis forms part of the Annual Report.

XV. General Shareholder information

General shareholder information is provided in the "Shareholder's Information" Section of the Annual Report. There liquidity position of the Company was not impacted during the said financial year.

XVI. Corporate Governance Certificate

The certificate with regard to compliance of conditions on Corporate Governance as per Clause E of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of the Board's Report.

XVII. Compliance with Discretionary requirements provided under Part E of Schedule II of the SEBI (LODR) Regulations, 2015

Part E of Schedule II of the SEBI (LODR) Regulations, 2015 states that the discretionary requirements provided therein may be implemented as per the Company's discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance)/non-adoption of non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report. The Company has complied with the following non-mandatory requirements:

A. The Board

Mr. Anil Singhvi, Independent Director is the Non-Executive Chairman of the Company. The Company reimburses the expenses incurred by the Chairman for discharge of his duties that are

attributable to the company on a regular basis pursuant to the provisions of Regulation 27(1) of SEBI (LODR) Regulation, 2015.

B. Shareholders' Rights

The Company communicates with investors regularly through e-mails, telephone calls and face to face meetings. The Company publishes the quarterly financial results in leading business newspaper(s) as well as on the Company's website.

C. Modified opinion(s) in Audit Report

The Company did not receive any Modified Opinion in the Audit Report of the Financial Statements during the financial year.

D. Reporting of Internal Auditor

The Internal Auditors report to the Audit Committee of the Board of Directors and are requested to be present as invitees at the Audit Committee meetings held every quarter.

For Subex Limited

Anil Singhvi

Chairman & Independent Director

DIN:00239589

Bengaluru, India

May 13, 2019

For Subex Limited

Vinod Kumar Padmanabhan

Managing Director & CEO

DIN:06563872

ANNEXURE A

CEO and CFO certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

To,
The Board of Directors
Subex Limited

Dear Sir/Madam,

CEO/CFO Certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

In terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, we hereby certify to the Board of Directors that:

- A) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2019 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee
 - i) Significant changes in internal control, if any, over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

Vinod Kumar Padmanabhan
Managing Director & CEO

Date: May 13, 2019
Place: Bengaluru

Venkatraman G S
Chief Financial Officer

Date: May 13, 2019
Place: Bengaluru



ANNEXURE B

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per item 10(i) of clause C of Schedule V of the Securities Exchange Board of India
(Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3)
of the said Listing Regulations).

To
The Members,
Subex Limited

1. We have examined the status of debaring or disqualification from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority for the year ended on March 31, 2019, as stipulated in item 10(i) of clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations.
2. It is neither an audit nor an expression of opinion regarding the legality of debaring or disqualification by the SEBI/Ministry of Corporate Affairs or any such statutory authority.
3. Our examination was limited to a review of the relevant records of the Company and website of Ministry of Corporate affairs, stock exchange(s), SEBI and other relevant statutory authority(ies) (specify) as specified in Annexure to this certificate.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that none of the directors on the board of Subex Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2019.
5. As on March 31, 2019, the Board of Directors of the Company was constituted by:

Sl No.	Name of the Director	DIN	Designation
1.	Anil Chandanmal Singhvi	00239589	Chairman & Independent Director
2.	Poornima Kamalaksh Prabhu	03114937	Independent Director
3.	Nisha Dutt	06465957	Independent Director
4.	Vinod Kumar Padmanabhan	06563872	Managing Director & CEO

For BMP & Co. LLP
Company Secretaries

Date: May 13, 2019
Place: Bengaluru

Pramod S M
Partner
FCS 7834 / CP No. 13784

Annexure to Certificate of non disqualification of Directors

List of Documents/records/websites verified for issuance of Certificate as per item 10(i) of clause C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with regulation 34(3) of the said Listing Regulations.

Sr. No	Documents/records/website	Reference
i.	Minutes of Nomination & remuneration Committee	Circular No. LIST/COMP/14/2018-19 dated June 20, 2018 issued by BSE & NSE/CML/2018/02 dated June 20, 2018
ii.	Corporate announcements made by Company for appointment of Directors	
iii.	Corporate announcements made by Company for cessation/resignation/vacation of Directors	
iv.	Declaration made by directors in form DIR-8	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
v.	DIR-9 filed by the Company regarding default under section 164(2)	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
vi.	List of disqualified directors placed on website of Ministry of Corporate Affairs at http://mca.gov.in/MinistryV2/disqualifieddirectorslist.html	Section 164(2)
vii.	Directors debarred/disqualified through SEBI order as per list placed at BSE Limited and NSE Limited at https://www.bseindia.com/investors/debent.aspx https://www.nseindia.com/invest/content/regulatory_actions.htm	Section 11B of the SEBI Act, 1992

ANNEXURE C

DECLARATION BY THE CEO UNDER CLAUSE D OF SCHEDULE V OF THE SEBI (LODR) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

To,
The Members of Subex Limited

In accordance with Clause D of Schedule V of the SEBI (LODR) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended March 31, 2019.

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN: 06563872

Date: May 13, 2019
Place: Bengaluru



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Subex Limited ("Subex" or "the Company") has its Equity Shares listed on the National Stock Exchange of India Limited (NSE) and The BSE Limited.

The management of Subex is committed to transparency and disclosure. In keeping with that commitment, we are pleased to disclose hereunder information about the Company, its business, operations, outlook, risks and financial condition.

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The management of Subex accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect the form and substance of transactions in a true and fair manner, and reasonably present the state of affairs and profits/ losses for the year under review.

In addition to the historical information contained herein, the following discussion may include forward looking statements which involve risks and uncertainties, including but not limited to the risks inherent in the Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

COMPANY OVERVIEW

We provide software products, solutions and related services to enable Digital Trust for organizations. Subex is now charting the transformation of communications service providers into digital enterprises. We are developing next-generation solutions in new and emerging business areas such as advanced data analytics, business intelligence, business assurance and Internet of Things (IoT). Our revenue contributing pie consists of licensing, professional services related to installations and configuration activity, annual support contracts and managed services.

Our pioneering platform, the Revenue Operations Centre (ROC®) – a centralized approach that sustains profitable growth and financial health of organizations through coordinated operational control - brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which organizations can build their processes to bring in privacy, security, risk mitigation, confidence in data, and predictability.

Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management, Partner Settlement, and Analytics and complements

them through its newer solutions such as IoT Security and Anomaly Detection. Subex also offers scalable Managed Services and Business Consulting services.

We are proud to be recognized as a leader in our market, and to be seen as the pioneers in the area of Digital Trust. We are especially proud to have received numerous awards jointly with our customers. Our recent awards include:

- Pipeline Innovation Awards 2018 under "Managed Services" category & "Innovations in Security & Assurance" and Big Data & Analytics
- Aegis Graham Bell Award 2017 for Innovation in ROC Insights under "Data Science" Category
- Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company

Subex has spent 25 years in enabling 3/4th of the largest 50 Communications Service Providers (CSPs), globally achieve competitive advantage. Being truly a global company, we have 300+ installations across 90+ countries.

We have a global presence, employing over 800+ people, with headquarters in Bengaluru, India and offices in Singapore, UK, US and UAE.

More information on (a) our revenue model, (b) our products, (c) our global customer base and (d) an overview on the CSP industry itself is discussed below.

OPPORTUNITIES

Businesses have changed drastically in the last few years, with disruptions in technology, business models and customer preferences. Rapid digitalization has empowered organizations to make the most out of available data, but at the same time put a huge responsibility on them in terms of trust. However, recent studies have shown that trust is at an all-time low in today's digital world. In one of the studies, close to 1/3rd of the respondents mentioned that they were less comfortable sharing their data, than they were 6 months ago. Organizations have now begun to take note of this dip in trust levels, and many are acting in the right direction. In another study, 61% of CEOs see 'building trust' as one of the top 3 priorities for their organizations. In this backdrop, Subex's focus on Digital Trust provides a huge opportunity in terms of the problem to be addressed. Industries like Telecom, e-Commerce, and FinTech deal with humungous amounts of data, and for them to succeed, it is absolutely necessary to put trust at the center of their business. Be it forging new partnerships, adopting emerging technologies, driving new business models or improving their brand image businesses now are seeing Digital Trust as a catalyst for success, and that has opened up multi-vertical opportunities for Subex to address.

THREATS

Every great opportunity comes with a few inherent risks, when addressed effectively delivers excellent results. In the case of our core areas, threat arises from the fact that revenues from our traditional areas have gone flat. While it can be attributed to the lower impetus for telecom industry as a whole, it can be addressed with multi-layered innovation on products and business models. The challenges that telcos face will continue to change rapidly, and this calls for agility and quick response from solution providers like us. The infusion of AI-ML into our product lines, addressing of digital frauds, repurposing Revenue Assurance for Regulatory Assurance, etc. are all examples of how we are dealing with the threat of stagnating relevance. With respect to the new verticals we're entering, while we are aggressive in our GTM strategy, we are also cognizant about the risk of encountering competition from unexpected quarters. Especially in the digital era, competition can arise from extremely unconventional sources, and will need to be dealt with utmost care. To ensure a safe pursuit, our approach is to enter new verticals with those use cases which have very similar applications as in the telecom vertical - where we have had success for over two decades. For instance, telecom Fraud Management is a domain that Subex is a leader in, and Fraud as a problem exists in a similar way in the e-Commerce vertical as well allowing us to fully utilize our expertise to demonstrate success in e-Commerce. Another approach to mitigate the risk of competition in unfamiliar territories is strategic partnerships with other vendors where there are synergies.

OUR REVENUE MODEL

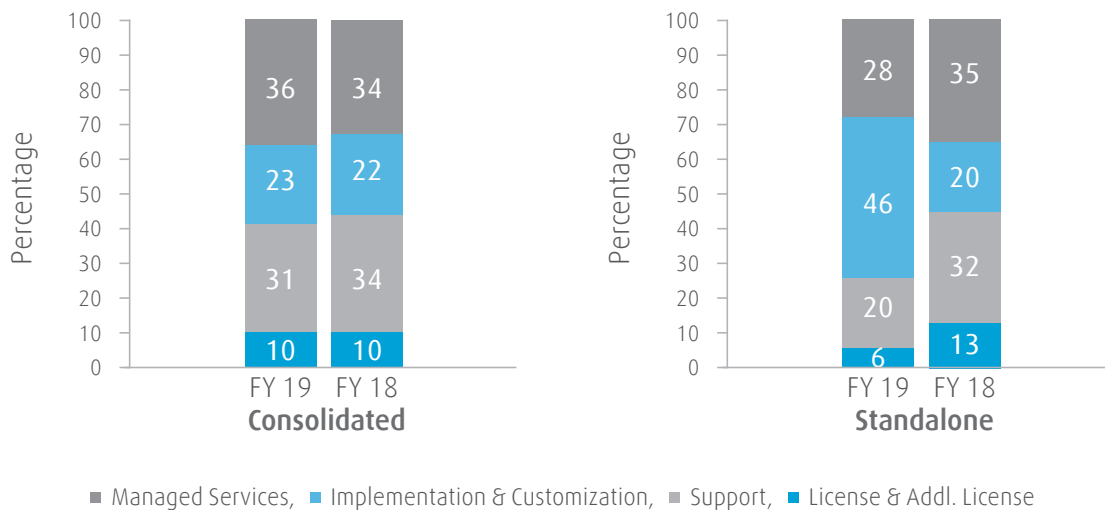
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

We generally license our software products on per subscriber or per transaction basis. This means that when our customers experience growth, we can also expect to benefit from that growth. Typically, there are significant professional services revenues associated with each new software installation as well as with upgrades.

Our annual support contracts are generally priced as a function of the total license fees paid by the customer. Thus, our annual support contracts would also tend to experience growth when our customers experience growth. Importantly, annual support contract revenue tends to be recurring revenue.

Finally, we have been experiencing increasing success with managed service revenue. Like annual support contracts, managed services provides a relatively predictable recurring revenue stream. At the same time, our managed service offering provides us with an opportunity to maintain a continuous touch point with the customer so we can better understand their needs and we have opportunity to educate them on our offerings and skills.

Revenue Composition





OUR PRODUCTS

Subex offers the Revenue Operations Centre (ROC®) Solution Suite for Business and CAPEX Optimisation, which has solutions for driving Digital Trust and Optimisation. To this end, Subex's core products around Revenue Assurance and Fraud Management have been enhanced with the power of Artificial Intelligence and Machine Learning. Subex also provides network analytics through its Network Asset Management, Data Integrity Management and Capacity Management solutions. In a digital world, where multiple partnerships will need to be managed, Subex provides CSPs with a Partner Management and Partner Settlement solution. As a means to help drive confidence in data, Subex recently launched its revamped Analytics solutions which provides CSPs with an end-to-end Analytics framework. Subex also provides organisations with confidence in the growing connected world, through its IoT Security solution, Subex secure, which is a multi-vertical solution focused towards the telecom, government, automotive, and defense segment, to name a few. Subex also recently launched CrunchMetrics, an AI-based anomaly detection solution, which helps organisations understand anomalous activities in their data to identify avenues of growth and detect risks before they occur.

All solutions come together to help CSPs prevent fraud losses, collect all revenues, reduce defaulted payments, reduce wasteful expenditure, manage inter-carrier and partner expenses and optimize CAPEX.

The ROC enables profitable service provider growth through coordinated operational control.

For service providers that aim to optimize their operational and process infrastructure, ROC delivers Business and CAPEX Optimization in the most pragmatic manner.

Digital Revenue Assurance

ROC Revenue Assurance solution offers a comprehensive view of an enterprise by providing better visibility into risks surrounding operations, revenue and margins. Built around big data and focused analytics capabilities, the solution addresses the new, complex and critical challenges faced by Revenue Assurance teams globally.

With a product history spanning over two decades, ROC Revenue Assurance is the culmination of the operational experience of being deployed in over 80+ sites globally.

Fraud Management

The fraud management solution by Subex, is built to increase fraud prevention in the telecom industry by eliminating known frauds, uncovering new fraud patterns, minimizing fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements.

ROC Fraud Management solution provides comprehensive fraud coverage for more than 350 types of fraud. The solution is integrated with artificial intelligence and machine learning capabilities to safeguard networks from frauds such as subscription fraud,

bypass/SIM box Fraud, PBX hacking and international revenue share fraud (IRSF). It also provides coverage for next-generation frauds such as Handset fraud, online sales, IPTV, advertisement fraud and other digital frauds.

With Subex's comprehensive fraud management system, operators can detect fraud types in all telecom environments: Wireline (PSTN, IS, VoIP), and Wireless (2G, 2.5G, 3G & 4G); and across all services: postpaid, Payment, VAS, MMS and M-commerce.

Partner Settlement

Partner Settlement allows operators to quickly and accurately settle charges with their network and content partners. It helps operators improve efficiency through light touch and automation, accurate billing and settlement and prudent accrual provisioning. It enables operators to manage costs and revenues on interconnect and partner agreements with domestic and international operators as well as content partners on a day-to-day, and hour-to-hour basis.

Partner Settlement is a comprehensive solution to help Telecom operators with interconnect, content and digital settlements giving them the edge needed to prosper in today's market.

Route Optimisation

Route Optimization is designed to provide operators with tools to manage network cost information supplied by other operators. Additional analysis on the impact of current operator tariffs as well as forecasts on potential future operator tariffs is also featured. The system is capable of taking into account factors such as call quality, rate information, capacity, and network costs to arrive at the optimum choice of operators. The solution ensures that the entire end-to-end processes from dial code/destination operator rate imports to switch updates are controllable and auditable.

Partner Management

Subex offers a comprehensive partner management solution that provides visibility into the operator's end-to-end wholesale business with accurate insights into revenue. The solution offers a 360° view of a telco partner ecosystem by providing a nuanced profile of partner agreements based on data such as revenue sharing and margins. The solution helps in swift partner onboarding, partner self-care, end-to-end revenue visibility and communication between the operator and your partners. It helps telecom operator manage diverse revenue streams while helping to launch high-value, high margin services in collaboration with partners.

ROC Partner Management is a domain-agnostic platform that addresses the dynamics of telecom operator partner ecosystem across wholesale voice, short message service (SMS), data, content, Internet of Things (IoT), machine-to-machine (M2M), utility, roaming, digital services, and billing and settlement.

Subex Secure

Subex Secure is an IoT security solution designed to secure connected and constrained devices. It is an agentless product

enabling networks to introduce multitudinous types of devices securely. Subex Secure offers a way for business to scale IoT deployments without compromising on security or taking on additional risk. It is capable of monitoring billions of devices and their data transmissions. Using a three-tier detection strategy, it identifies threats as they occur on the network. These three strategies are signature-based detection, heuristics and anomaly-based detection. Risks are identified and flagged across these three security layers thereby allowing seamless movement and integrity of data.

Subex Secure's threat database is updated in real-time with signatures gathered from our 60 honeypots located in key cities around the world. Threat intelligence is also gathered from other credible sources.

Subex Secure is built for securing IoT. It comes with:

- Multi-tier detection mechanism to filter, flag and eliminate various threats
- Real-time threat database updates with threat intelligence drawn globally
- A unique detection engine that renders early detection of threats
- Zero latency and compute power
- Virtually unlimited scalability for various IoT deployments and connectivity flavors
- SOC-based/SOC independent/hybrid ops

Network Asset Management

Network Asset Management is a Telecom Asset Lifecycle Management solution which provides framework and controls to help CSPs make the best use of their assets to optimise their capital and operations expenses in the digital era, which thereby helps manage network CAPEX efficiently. The solution ties the financial parameters of the assets to its current utilization and location, creating a 360 degree view of the asset, generates accurate reports for audits and calculates return on assets. Bridging the gap between network and finance functions, Subex Network Asset Management uses state-of-the-art network intelligence for:

- Knowing what you have (Knowing what assets you have and its utilization).
- Measuring what you have (Setting up controls to monitor assets location and utilization).
- Optimising what you have (Asset optimisation leading to CAPEX and OPEX efficiency).

In addition, it simplifies field audits, provides near real-time capacity views, recommendation to optimise network utilization and optimises P2R (Plan-to-retire) and cash-to-cash cycle for assets and improves overall operational efficiency.

Data Integrity Management

Subex is the pioneer in data integrity management, with over a decade of experience in data integrity transformations with the

world's leading service providers. Data Integrity Management is the industry's first solution for improving the quality of data that drives key service provider processes, resulting in lower costs and higher service profitability. Data Integrity Management combines three powerful data integrity functions: multi-layer network and service discovery; data reconciliation; and discrepancy analytics.

Data Integrity Management discovers network resources, identifies them and reconciles them with CSPs OSS/BSS databases such as between an inventory management system and an order management system and a billing system or an asset tracking system based on Service Provider business rules. Leveraging inherent cross-domain intelligence and extensive off-the-shelf network equipment support, Data Integrity Management discovers devices and logical services in diverse network environments and reconciles this data with the OSS/BSS on a continuous, controlled basis.

Capacity Management

Subex's Capacity Management solution helps operators undertake a predictive approach to understand their capacity issues, thereby helping them ensure the best customer experience while optimising costs. Capacity Management provides the critical link between network discovery and predictive analytics to identify capacity 'hot-spots' and predict 'time-to-exhaustion'. It provides a holistic view of capacity through which it helps CSPs see threshold violations on key links and resolve capacity issues based on near real-time data. It further engages analytics functions to provide actionable intelligence and predict scenarios and their impact on network capacity which would help CSPs to plan capacity investments accordingly. This ensures removal of capacity issues and ensures smooth operation of business-critical applications thereby resulting in positive customer experience.

Analytics Center of Trust (ACT)

Subex Analytics Center of Trust (ACT) is an end-to-end advanced analytics framework which helps CSPs truly leverage their data to drive business outcomes. Subex ACT enables CSPs to get the most from their Analytics program from the very start, i.e., strategizing the analytics roadmap, to setting up a trusted business intelligence layer, till the end, i.e., generating analytics-driven business outcomes. ACT comprises for three components:

- **Strategize:** Leveraging over 25 years of expertise in telecom analytics, Subex helps creating the right analytics strategy by establishing CSPs current maturity, define the business vision, and identifying the required roadmap.
- **Trusted BI:** Subex's ACT is powered by an intelligent Information Infrastructure, which acts as the brain of the system delivering real-time insights on the shifts in trends across the spectrum. Subex's BI is built around Hadoop and big data capabilities, powered by machine learning (ML) and artificial intelligence (AI).
- **ROC Insights:** ROC Insights, advanced analytics service, powers the ACT infrastructure, delivering next-generation Analytics-as-a-Service to Telcos across the globe. The

solution leverages Subex's expertise in BSS/OSS and Telecom Analytics to deliver actionable business intelligence to relevant business users at the right time. By combining the best in both machine and human intelligence, the solution transcends traditional approaches, accelerating the digital journey of organizations. ROC insights provides actionable insights around key focus areas: Product, Customer, Risk and Revenue.

CrunchMetrics

Rapid digitalization across industries today has led to a massive explosion of data volumes where years' worth of data in the last decade is now being generated in the matter of a few hours. While organizations are doing reasonably well to capture and store this data, the mechanisms to truly make use of such huge volumes of data are unable to match the current volumes and velocity of data being generated. Due to this challenge, organisations fall short of responding to significant changes which can improve business critical functions. To help organisations deal with this challenge, Subex has launched a new brand, CrunchMetrics, an advanced anomaly detection system designed to help organizations discover business opportunities and mitigate risks in real-time. It leverages the combined power of statistics, Artificial Intelligence (AI) and Machine Learning (ML) to sift through data and identify anomalies that are a representation of business impact. CrunchMetrics brings to the table real-time anomaly detection helping organizations find the 'needle in the haystack', thereby facilitating low latency decision making. Through the launch of CrunchMetrics, Subex aims to address a huge market that is expected to reach USD 4.5 Billion by 2022 and will cater to a variety of verticals.

CrunchMetrics is vertical agnostic and has a wide range of use cases for Telecom, Retail and FinTech verticals at launch.

Consulting & Assessment Services

Subex with its more than 25 years of experience in telecom domain, end-to-end experience in defining strategy to execution and use of relevant tools that are compliant with global forums such as TM Forum and CFCA; is the right partner of choice in consulting and assessment services for global telcos.

Subex offers consulting and assessment services in the following domains:

- **Maturity assessment:** Benchmarking of their revenue assurance and fraud management processes with respect to global standards and provide metrics across people skills, processes, technology usage and measurement strategies.
- **Business operations assessments:** Gap analysis of existing processes and provide the roadmap to close these gaps using "analyse, evaluate, assess and recommend" framework.
- **Risk management:** Identify the risks in the revenue chain and plug leakages in a timely manner, through regular end to end assessment of the existing business and revenue streams. Subex's custom framework is based on a thorough

understanding of risks, creating a Risk Control Matrix utilizing TM Forum standards, and developing comprehensive standard operating procedures.

- **Business process re-engineering:** Review of the existing business processes and then design and implement the new business process after considering the best industry practices.
- **System integration and IT support operations:** While migrating from legacy OSS/BSS infrastructure, Subex provides extensive checklists and exhaustive test cases making sure that migration cost is reduced. Subex can also help in carrying out customized health-check of RA and FM IT operations of telcos.
- **Product and service margin assurance:** Assessment of the target market and holistic margin and profitability check for the entire service and product catalogue.
- **Portfolio optimization:** Optimizing offering portfolio by holistic assessment of products and offerings considering subscriber base, price points, usage patterns, revenue share and benefit comparison with other offerings.

Managed Services

Our Managed Services offerings are designed to drive outcome and protect revenues by enhancing customer experience. Pillared on four main aspects i.e. Cost, Quality, Time-to-market and Capability, the engagement is aimed to provide rapid ROI, increase efficiency and in-turn deliver maximum value. Driven by robust technology-led capabilities, Subex Managed Services offers a variety of engagement models providing complete flexibility to operators based on their business needs.

Subex Managed Services program is designed to add both strategic and tactical value to service providers' operations and enable better customer experience while also enhancing their operational efficiency, service agility and profitability. With Subex at the helm of its operations, service providers can redirect critical resources at core business functions generating more revenue and saving costs.

Subex understands that no two service provider requirements are alike and hence offers the flexibility to pick and choose services based on:

- **Scope of Operations:** Ranging from standard operations to large scale transformational programs
- **BSS / OSS Domains:** Drawing from Subex's established expertise on various BSS / OSS domains

On-Site Support: High caliber, experienced resources to ensure functional continuity and high resource efficiency.

End-to-End Managed Services

This model is perfect for most operators in today's market as it results in the highest performance with the lowest Opex and Capex.

SUBEX MANAGED SERVICES

SMART services leveraging proven technology

On-demand, Software-as-a-Service (SaaS) – ROC cloud

Small and medium telcos have business support system (B/OSS) needs that are very different from those of larger telcos. In the same vein, most B/OSS products are developed to address the needs of large telcos. They are loaded with a host of standard features, not all of which are relevant to smaller organizations, and necessitate a substantial investment in licenses and resources. Quite naturally, it is difficult to justify this investment in most small and medium organizations. Subex is recognized as the leader in the business optimization space and has pioneered the concept of the ROC – the Revenue Operations Center – to enable profitable growth through coordinated operational control. The same ROC is delivered as a service to suit the needs of small and medium telcos in the form of ROC cloud.

OUR GLOBAL CUSTOMER BASE

Subex today serves over 300 installations spread across 90+ countries. This includes 3/4th of the largest 50 CSPs globally. A partial list of customers is given below:

APAC – Astro, Airtel, CAT, Celcom, DTAC, Digi Malaysia, DST Brunei, Indosat Ooredoo, Maxis, Mobifone, Ncell, Optus, Unifi Mobile, PLDT, Reliance Jio, Robi Axiata, Starhub, Singtel, Smart Axiata, Tata Teleservices, Telenor Myanmar, Telstra, Telkom Indonesia, True Move, Vinaphone, VodafoneIdea.

Americas– AT&T, Bell Canada, BTC Bahamas, Buckeye, C&W Panama, Charter Communications, Cincinnati Bell Wireless, Claro Brazil, Claro Colombia, Claro Dominican Republic, Cogeco, Comcast Cable, Cox Communications, Entel Bolivia, Movistar Colombia, Movistar Mexico, MTS, Rogers, Shaw Communications, Nextel Brazil, ICE, Telcel, Telus, Telefonica, Tigo, T Mobile, Verizon.

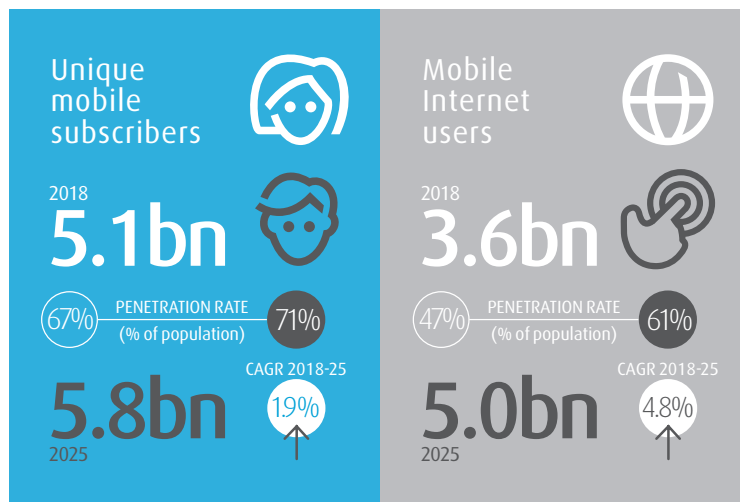
EMEA– Airtel, Almadar, Atalntique Telecom, , Azercell, AlbTelecom Batelco, , BTC Botswana, BT, Cell C, Colt, Coolwave, Cyta, Du, Econet, Ethio Telecom, Etisalat UAE, Etisalat Nigeria, Geocell, Glo, Go, Interoute, IPKO, INWI, Jawwal, KCell, Century Link, Liberty Global, Lifecell, Mascom, Melita, Mobily, Moldcell, , Omantel, , Ooredoo Algeria, Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Qatar, Orange Mali, Orascom Algeria, Paltel, , Sabafon, Sonatel, STC, Swisscom Talk Talk, Telecom Egypt, Telecom Romania, Telefonica, Telekom, Slovenjie, Telenor, Telia Company, Teo, Tunisie Telecom, Turk Telecom, Ucell, Viva, Vodafone Ireland, Vodafone Turkey, Vodafone Romania, Vodafone Ziggo, Zain.

THE CSP INDUSTRY – the mobile market and its outlook

A major share of the CSP industry is focused on the mobile market and we will focus on the mobile market as well as the other interconnected areas that make up the ecosystem.

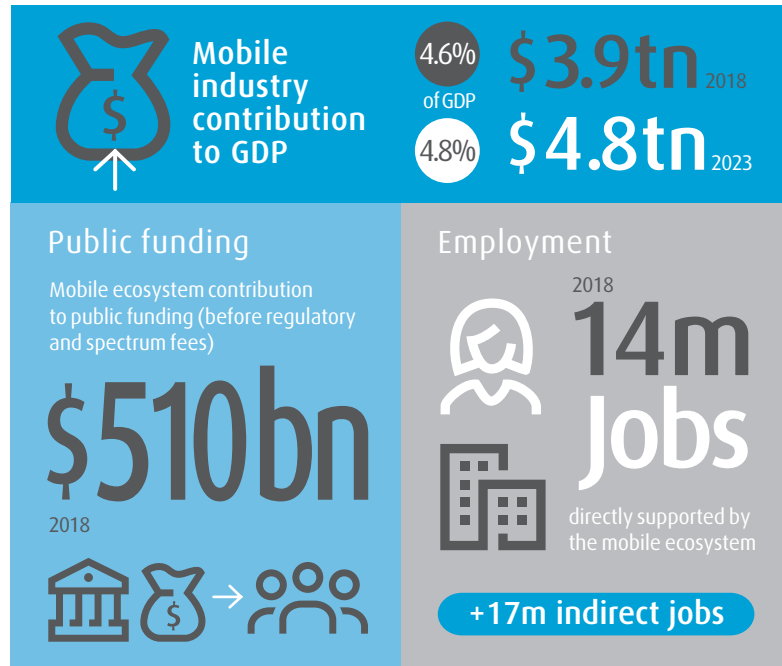
Mobile penetration continues to grow but at a slower pace

As per GSMA, by the end of 2018, 5.1 billion people around the world subscribed to mobile services, accounting for 67% of the global population. While a total of 1 billion new subscribers have been added in the four years since 2013 (representing an average annual growth rate of 5%), but the speed of growth is definitely slowing. The market expects an average annual growth rate of 1.9% between 2018 and 2025 which will bring the total number of mobile subscribers to 5.8 billion (71% of the population).



Source: GSMA Report 2019

It has been estimated that in 2018, mobile technologies and services generated 4.6% of GDP globally which is equivalent to \$3.9 trillion of economic value added. Not only this, the ecosystem also supported almost 32 million jobs (directly and indirectly). The GSMA report mentions that by 2023, mobile's contribution will reach \$4.8 trillion (4.8% of GDP) as countries around the globe increasingly benefit from the improvements in productivity and efficiency brought about by increased take-up of mobile services.



Source: GSMA Report 2019

4G becomes the technology of choice while 5G is here to stay

4G surpassed 2G in 2018 to become the world's leading mobile technology, with 3.4 billion connections representing 43% of the total (excluding licensed cellular IoT). With growth coming rapidly, especially across developing markets, 4G will soon become the dominant mobile technology, exceeding half of global mobile connections in 2019 and reaching 60 percent in 2023.

Meanwhile, 5G is now a reality. Following market launches in the United States and South Korea towards the end of 2018, by the end of 2019, 16 more major countries will launch 5G networks. While it will take some time for 5G to hit critical mass, some markets will see relatively rapid growth (for example, South Korea, US and Japan). The speed at which 5G is adopted and the value it will generate will be affected by three factors: value generation opportunities, cost considerations, and deployment dependencies.

Mobile operators are investing around \$ 480 billion worldwide between 2018 and 2020 in mobile capex to support this generative shift and further increase consumer engagement in the digital era. Half of this will be from countries expected to have launched 5G

by 2020. However, since most 5G deployments will occur after 2020 (64 markets over the 2021–2025 period, bringing the total to 116), we expect capex to grow above the approximately 160 billion dollars expected in 2020.

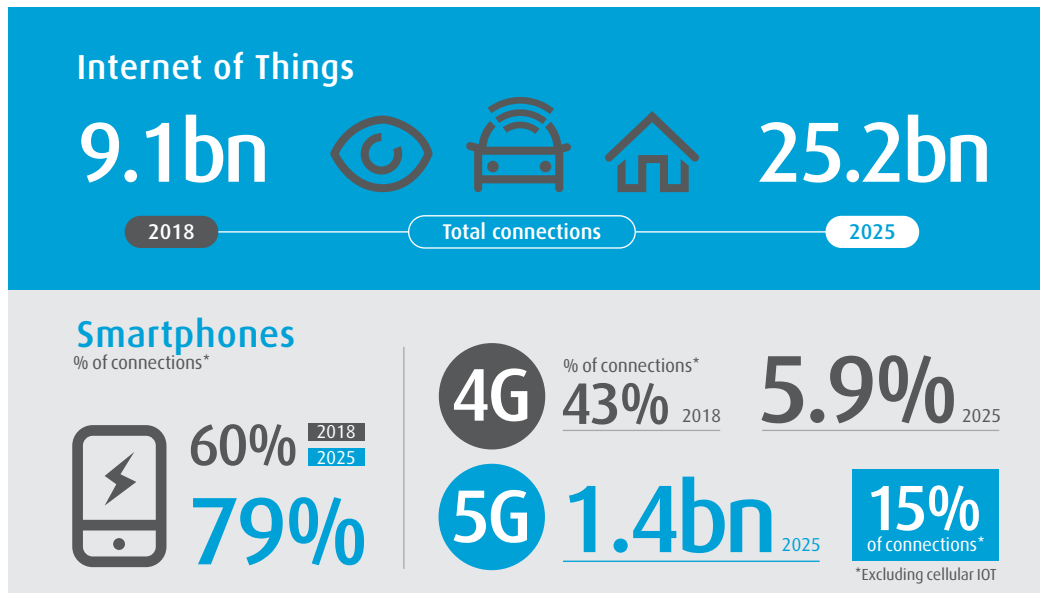
As the boundaries between mobile and the wider digital ecosystem continue to blur and data monetisation poses an ongoing challenge, many operators are moving beyond their traditional (mobile and fixed) telecommunications businesses to explore new revenue streams in a rapidly changing competitive environment. While this strategic play has different approaches, timelines and scales, the predominant drivers are the rise of IoT, the evolution of the content ecosystem, the transformative power of AI for network operations and services, and the onset of a new era of connected devices.

While telecoms will continue to be the dominant source of revenue for operators in the near to medium term, these new opportunities have the potential to provide new revenue streams and add business capabilities to allow operators to play a key role in the future digital ecosystem.

IoT will be omnipresent

The number of IoT connections (cellular and non-cellular) is expected to triple worldwide between 2018 and 2025 to reach 25 billion. Growth will be driven by a proliferation in the segments of smart building and smart home, together accounting for over half of the 16 billion new IoT connections over this period. Rising investor financing and a supportive ecosystem for innovation will help support this growth, along with regulatory pressure for energy efficiency. In addition, network connectivity developments, led by operators, will play a key role in adapting to a variety of IoT use cases. At the end of 2018, there were 83 commercial deployments of LTE-M and NB-IoT worldwide.

Global IoT revenue meanwhile is expected to increase at an average annual rate of 23% to 2025 to reach \$1.1 trillion, a fourfold increase on 2018. However, connectivity is expected to become increasingly commoditised, declining from 9% of total IoT revenue in 2018 to 5% in 2025. Therefore, mobile operators deploy different strategies and business models to move beyond offering connectivity only: their role in the value chain could vary from providing essential tools and capabilities to IoT solutions for ecosystem partners to becoming an end-to-end IoT solution provider itself.



Artificial Intelligence to drive Global Economy

Artificial intelligence has the potential to incrementally add 16 percent or around \$13 trillion by 2030 to current global economic output—an annual average contribution to productivity growth of about 1.2 percent between now and 2030, according to a September, 2018 report by the McKinsey Global Institute on the impact of AI on the world economy.

AI could potentially lead to a gross GDP growth of around 26 percent or \$22 trillion by 2030. The major contributors to this figure are the automation of labor, which could add up to 11 percent or around \$9 trillion to global GDP by 2030, and innovations in products and services, which could increase GDP by about 7 percent or around \$6 trillion by 2030.

However, it is believed that in addition to its economic benefits, AI will also lead to significant disruptions for workers, companies and economies. There will likely be considerable costs associated with managing labor-market transitions, especially for workers being left behind by AI technologies, which could reduce the

gross impact of AI by around 10 percentage points, leading to the aforementioned net GDP increase of 16 percent or \$13 trillion by 2030.

Subex as a leading telecom solutions provider is uniquely positioned to help telcos to embrace digital transformation from a business optimization provider. As 4G-5G connections would give significant opportunities for telcos to offer digital services, there is a very good opportunity for Subex to offer its risk and security portfolio for these services. In addition to that, Subex can also offer its asset assurance solution helping operators in optimizing their costs of networks. Lastly, with its advanced analytics and insights solutions, Subex can help global telcos in enhancing customer experience for digital services rolled out on 4G-5G networks.

Key Projects Won/Executed in FY 19

Subex wins multi-million-dollar contract from Optus to deploy its ROC Network Asset Management solution: The Company won a multi-million-dollar contract with Optus, Australia to implement its ROC Network Asset Management solution. Optus is one of the



largest telecom operators in Australia and a fully owned subsidiary of Singtel. They offer mobile, enterprise and wholesale services and home entertainment, exclusive content including EPL.

Subex was selected after successfully demonstrating its strong domain expertise and unique value proposition while showcasing the superiority of its solution. As part of the deal, Subex's ROC Network Asset Management will enable Optus to control all of its existing and new network investments through a well-defined network efficiency framework. This implementation will further help Optus to protect their network investments, improve utilization visibility and provide better financial controls.

Opening a new IoT security Lab in Bengaluru: An IoT Security Lab was inaugurated in this fiscal which will be open to public-private partnerships with universities. The lab provides research opportunities on IoT Security threat intelligence using a one-of-its kind honeypot network. This along with the continuous monitoring of over 8.5 million customer devices has enabled the Company to obtain 30% more IoT and ICS threat signatures and thereby offer a comprehensive IoT threat intelligence and prevention solution to our customers.

Florence, Arizona partners with Subex to cyber-secure critical infrastructure: Subex partnered with the Town of Florence, Arizona to provide security to its critical public infrastructure. As part of this partnership, Subex will provide end-to-end cybersecurity to detect, repel and remediate advanced threats to Florence's most basic and vital technological systems. When Florence launches its smart cities project, Subex will continue to be the cybersecurity partner for all projects coming under the plan.

Through this partnership, the Town of Florence is leading the way by becoming one of the first cities to protect its public infrastructure through solutions, strategies, and measures provided by Subex. This partnership is a landmark one and will pave the way for other cities to adopt similar measures thereby ensuring the highest levels of protection for smart city projects across the United States.

Telefónica partnered with Subex On New Cybersecurity Venture: Subex has joined hands with Telefonica to secure the world of IoT across devices, networks and other infrastructure components.

Through this partnership, both companies will collaborate on IoT security centered around Subex's IoT offerings. Telefonica will be using Subex's offerings to secure IoT deployments on its network while also offering them to other enterprises interested in deploying an IoT security solution. One of the objectives of this partnership is to remove the notion that security is a barrier for the adoption of IoT and showing that instead, security can be a key to unlocking demand and improve the adoption by providing holistic and robust IoT security solutions. Security around IoT is gradually turning into a competitive advantage and businesses can look at leveraging IoT security as a differentiator factor while adhering to regulatory compliance mandates.

Subex wins 5-Year multi-million-dollar contract with BTC:

Subex won a 5-year multi-million-dollar deal with Botswana Telecommunications Corporation Limited (BTC), a leading telecommunications services provider in Botswana. As part of the deal, Subex will be implementing its integrated ROC Revenue Assurance and ROC Fraud Management Platform (iRAFM), along with its ROC Partner Settlement and ROC Route Optimization. This deal also marks the continuation of Subex and BTC's long-standing partnership which dates back to 2010.

Through the multi-solution deployment of iRAFM, Subex will enable BTC with an out-of-the-box solution to combat prevalent frauds such as Subscription Fraud, Internal Fraud, Premium Rate Service Fraud (PRS Fraud), and International Revenue Share Fraud (IRSF), amongst others. The solution will also prevent losses through revenue leakage by providing a solution with capabilities to investigate, diagnose and recover any lost revenues.

The ROC Partner Settlement deployment will offer BTC a 360-degree view of their interconnect agreements to help better manage revenue and margins across their partner ecosystem. Moreover, through ROC Route Optimisation, Subex will provide BTC with a solution that analyzes existing data in terms of operator tariffs and quality of service and generates forecasts to help make an informed choice of interconnect operator partners. In addition to this, Subex will also provide BTC with Managed Services expertise to help them implement the best practices and get the most out of the deployment.

Subex awarded 6-year contract from VodafoneZiggo:

The company has been awarded a six-year deal with VodafoneZiggo, a Netherlands based operator offering fixed, mobile and integrated communication and entertainment services to consumers and businesses. Subex will deploy its ROC Partner Settlement and Route Optimization Solutions. The solution will be deployed on a SaaS-based model for VodafoneZiggo's new Interconnect Billing Platform, replacing three different existing legacy billing systems with a single solution, to reduce complexities and optimize costs. This deployment will also help VodafoneZiggo further reduce its operational costs through the Subex Managed Service Center of Excellence, to which certain business operations will be outsourced.

Apart from reducing operational costs, the deployment will also allow VodafoneZiggo to generate more revenues through the new functionalities of the ROC platform, in addition to improving interconnect billing and reconciliations.

RISKS AND CONCERNS

As our investor, you already understand that risks are part of any business. It is not possible to detail every risk to the business. But, we wanted to provide some information on certain risks including: (a) reduction in consumer and business purchasing; (b) consolidation in our customer base; (c) dependence on communications service providers as our major customers; (d)

security; (e) improper disclosure of personal data could result in liability and harm to our reputation; (f) Technology changes and obsolescence may impact our business; (g) recruiting and retention of personnel is challenging; (h) adequately protecting our intellectual property may not be possible; (i) allegations of infringement of third party intellectual property poses risks; (j) variability of our quarterly operating results makes comparisons difficult; (k) non-compliance with statutory obligations may result in fines and penalties; (l) non-compliance with environmental regulations may lead to fines and penalties; (m) foreign exchange fluctuations may lead to variability in our revenue; (n) SEZ related taxation benefits may be uncertain; (o) failure to fulfill contractual obligation may lead to claims; and (p) debt obligations. Below, we will discuss each of these risk factors in some more detail. There are, of course, additional risks faced by us.

Reduction in Consumer and Business Purchasing

We depend on our customers – primarily large communication service providers (“CSPs”). If our primary customers face reduced revenue, we will also face reduced revenue. CSPs primary customers are consumers and businesses. Of course, reductions in spending by consumers or businesses will reduce revenue of CSPs. And, this will result in decreased spending by the CSPs which means reduced revenue for us.

Consolidation in our customer base

CSPs have gone through considerable consolidation. The consolidation, or merger, of one CSP with another can have at several impacts on us. First, it will simply reduce the overall size of the market; each consolidation effectively reduces the number of potential customers for our products. Secondly, it can and does happen that one of our existing customers can undergo a consolidation. In that event, the other party to the consolidation may already have competing products and the combined company may choose to continue with the use of the competing product rather than use our product/ services. Of course, it can also happen that the two companies, when combined, choose to use our products which may have a positive impact on our revenue. Another possibility is that two existing customers merger. The consolidation of two customers will have an adverse effect on our revenue as the combined company attempts to reduce their consolidated spending. Finally, larger customers simply have more negotiating power leading to reduced prices for our products. The Company strives to have a deep penetration within the accounts that it serves so as to provide an edge over competitors and be a preferred choice during such consolidations.

Dependence on the Communications Service Providers as our major customers

We mentioned above our customers are primarily CSPs. We are fully dependent on CSPs as our major customer base. As a result, we are fully susceptible to any downturns or negative changes in the CSP industry.

Security

You must be well aware that security threats are prevalent everywhere today. This is, perhaps, especially true in the technology industry where we participate. The security vulnerabilities take many forms. Hackers may attempt to compromise computer systems and networks. Fraudsters may attempt to steal the identity of our personnel to gain access to our computer systems, networks and even banking systems. Terror activity could have an adverse impact on our business. We may fail to adequately design our products leaving our customers exposed to hacking and other network vulnerabilities. Perhaps this concern – of failure to adequately design our products leading to exposure of our customer’s information is one of the largest concerns. If one of our customers faced a security breach allegedly as a result of use of our products, it would cause significant reputational risk to us and may lead to claims against us.

We devote significant resources to mitigate security threats including threats to our internal IT systems, with respect to our products and with respect to physical security of our buildings. But, there cannot be any guarantee that these efforts will avoid security breaches.

Improper disclosure of personal data could result in liability and harm our reputation

You are probably aware of the global trend toward more sensitivity regarding improper disclosure of personal data. This global trend has a number of impacts on us. There are additional laws and regulations in many jurisdictions. This not only leads to increased administrative costs of compliance and increased difficulties in doing business but violations of these laws and regulations involve higher and higher fines and penalties. At the same time, we are storing and processing increasingly large amounts of personal data which leads to increased potential exposure.

We take what we consider to be appropriate steps to provide for the security and protection of all data including personal data. But, despite these efforts, it is possible our practices may not prevent the improper disclosure of personal data. Improper disclosure of this information could harm our reputation, lead to legal exposure, lead to claims against us by customers including claims for indemnification or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

It is important to note that our potential liability for customer financial damages associated with losses of personal data is generally not limited by limitation of liability provisions in customer contracts.

In addition to risks related to improper disclosure of personal data, new laws and regulations are being implemented. One significant new regulation is the European General Data Protection Regulation (“GDPR”) which went into full effect in May 2018. Compliance efforts related to these laws and regulations is significant and could be a distraction from other activities. Further, even without



any actual improper disclosure of personal data, non-compliance could result in large fines. Still further, customer focus on these laws and regulations could delay or jeopardize sales and installations of Subex products.

Technology changes and obsolescence may impact our business

We experience rapid technological changes which could make our technology and services obsolete, less marketable or less competitive. These changes result in our need to continually improve the features, functionality, reliability and capability of our products which poses development challenges and expenses. We may not be able to adapt to these changes successfully or in a cost-effective way which may adversely affect our ability to compete and retain customers or market share.

While the rapid technological changes require us to change our products, launching new products is also a key element of our growth. An inability to bring new products with high demand to the market in a timely manner will reduce our growth and profitability.

We make strong efforts to put in place processes and methodologies to address these issues and to turn it into a strategic advantage by being in the forefront of technological evolution. For example, regular skill upgradation programs and training sessions that include attending global conferences and employing specialized consultants etc. are undertaken.

Recruiting and Retention of Personnel is challenging

The retention of personnel generally and, in particular, skilled software personnel is a major risk we face. To assist with our recruiting and retention efforts, we attempt to put in place an empowering atmosphere with opportunity for growth, extensive mentoring and career counseling, and the opportunity to work in cutting edge and challenging technologies. Nonetheless, a competitive environment for personnel with the skills we require poses risks and challenges.

Adequately Protecting Our Intellectual Property may not be possible

We operate in a global environment; protecting our proprietary technology in the many different jurisdictions we operate in is challenging. We depend on a combination of technical innovations, as well as copyrights and trade secrets for protection of our technology. We also maintain patent and trademark protection as we deem appropriate. But, some jurisdictions have limited laws protecting technologies. Other jurisdictions, even if they have laws, have limited or difficult enforcement systems. And, even in jurisdictions with adequate laws and enforcement systems, detection of infringement of our rights may be difficult and, even if detected, engaging in litigation to enforce our rights would be expensive.

Departure of our personnel, especially to a competitor, is a particular risk to our technology and intellectual property rights. We generally require all employees and advisors to sign

agreements which require that our information is maintained as confidential during and after employment. These agreements also assign or otherwise vest rights in the intellectual property developed by these employees and advisors in the company. Even so, these agreements may not effectively prevent disclosure of our information or effectively assign rights to us. Further, detection of violation of these agreements may be difficult and it may be difficult to enforce these agreements even when violations are detected. You will understand that any exposure of our information by former employees or any failure to adequately have rights assigned to us, may have a material adverse effect on our business, financial condition and results of operations.

Allegations of Infringement of Third Party Intellectual Property poses Risks

We may face claims by third parties that our products infringe on their intellectual property rights. Whether or not we prevail in any intellectual property dispute, defending the dispute may be expensive, it may distract our management and other key personnel and its outcome is uncertain. Further, if any of our products are found to infringe the intellectual property rights of others, or if we settle a claim in an adverse manner, it may restrict or prohibit further development, manufacture and sale of our products. And, a loss or adverse settlement may require us to pay substantial damages. We may also be forced to seek licences to continue to use the intellectual property. These licences may not be available on commercially acceptable terms or at all.

Furthermore, we are required to indemnify our customers against third-party claims of infringement of intellectual property arising out of customers' use of our products and services. Typically, our liability for such indemnification is not limited by limitation of liability provisions in customer contracts.

Further, we are often in possession of proprietary information of our customers. This information may be wrongly used or disclosed or may be misappropriated by employees of the Company or others. This would result in a breach of our contractual obligations to our customers. Any such breach may subject us to a significant claim from the customer for damages and may also significantly damage our reputation.

The Company has a consistent program of requiring NDAs before disclosure of Company trade secrets/confidential information to third parties. Employees must sign confidentiality terms as part of employment.

Historically, the Company has not received any allegation of infringement of third party intellectual property. However, especially as the Company invests in and introduces new product lines allegations of infringement of third party intellectual property rights, against us or our customers with respect to our products, or any allegation of breach of our confidentiality obligations to our customers could have a material adverse effect on our business, financial condition and results of operations.

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

Our quarterly operating results have varied in the past due to reasons like seasonal pattern of hardware and software capital spending by customers, information technology investment trends, achievement of milestones in the execution of projects, hiring of additional staff and timing and integration of acquired businesses. Hence, the past operating results and period to period comparisons may not indicate future performance. Our management is attempting to mitigate this risk through expansion of our client base geographically and increasing steady annuity revenue such as through managed services.

Non-compliance with statutory obligations may result in fines and penalties

We face certain statutory obligations. Some of these obligations arise from the fact that we have registered with Special Economic Zone for software development activities and have availed Customs Duties and Goods and Service Tax exemptions. The non-fulfillment of export obligations or other non-compliance with statutory obligations may result in penalties as stipulated by the Government and this may have an impact on future profitability. The Company has team of in-house attorneys and engages outside counsel/consultants on an as-needed basis. An ongoing monitoring mechanism has been established with respect to applicable laws.

Certifications and compliance

Subex is certified for both information security and quality management system. Periodic reviews and internal audits of projects and the organization are conducted to ensure internal controls are adequate to provide confidence to management and customers. A system is in place to identify and manage process changes methodically. There is people involvement across organization in the activities of process development, implementation and reviews, there by achieving continual improvement. A centralized process repository helps people easy to access the required processes to perform their activities

Non-compliance with Environmental Regulations may lead to fines and Penalties

Software development, being generally a pollution free industry, means we are not subject to significant environmental regulations. Nonetheless, non-compliance with applicable environment regulations may lead to significant fines and penalties. We do adhere to the guidelines for disposing of E-wastes as stipulated by the E-Waste (Management and Handling) Rules.

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

We have substantial exposure to foreign exchange related risks on account of revenue from export of software and outstanding liabilities. There is a natural hedge to the extent of expense incurred in same currency. Despite this, particularly given the volatility in

the foreign exchange market, there could be significant variations.

SEZ related taxation benefits may be uncertain

We in India operate out of Special Economic Zone ("SEZ"). SEZ units currently avail various tax benefits. While tax benefits continue under the GST regime, there might be some uncertainty on the benefits due to frequent changes in the GST Laws in India. This could potentially lead to incidence of higher tax.

Failure to Fulfill Contractual Obligation May Lead to Claims

We enter into contracts with our customers in the ordinary course of business under which we are obligated to perform and act according to the contractual terms. Any failure to fulfill these contractual obligations may expose us to financial, reputational and other risks.

Our management believes it has taken sufficient measures to assure it meets its customer contractual obligations. Nonetheless, there cannot be any assurance that a customer will not allege a breach by us of our obligations.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Such internal financial controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards ("IndAS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. Any matter that required attention was immediately dealt with. The compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) also confirmed the same to this effect.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls.



Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards reviews and updates on processes for projects and organization, alignment to the new organization structure. Identification and Involvement of process owners to review processes and make it relevant and align it to the organization. Some of the requirements which were specific to customer were customised, with audits conducted for some of the accounts.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis			(₹ in Lakhs)	
Financial Highlights/Year Ending 31st March	2018-19		2017-18	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	34,812	1,916	32,432	17,993
Total Income	34,913	2,091	32,572	18,694
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	4,823	(861)	2,910	244
Profit/(Loss) before Exceptional items & tax	4,708	(2,455)	2,275	(200)
Exceptional Items	-	-	1,166	389
Profit/(Loss) before tax	4,708	(2,455)	3,441	189
Tax expenses	2,186	(2)	1,373	157
Profit/ (Loss) after tax	2,522	(2,453)	2,068	32
Other comprehensive income	(428)	(3)	(240)	(8)
Equity dividend %	Nil	Nil	Nil	Nil
Share Capital	56,200	56,200	56,200	56,200
Reserves & Surplus	23,210	14,949	21,745	18,034
Net worth	79,410	71,149	77,945	74,234
Gross Property, Plant & equipment and intangible assets	2,424	6,286	2,137	6,287
Net Property, Plant & equipment and intangible assets	547	5,005	719	5,624
Total Assets	89,649	74,479	89,768	75,148

Key Indicators	2018-19		2017-18	
	Consolidated	Standalone	Consolidated	Standalone
Debtor Turnover Ratio	3.91	1.74	3.07	1.77
Interest Coverage Ratio	58.82	-	6.91	0.63
Current Ratio	2.24	0.29	1.73	1.80
Earnings per Share (Yearend)	0.45	(0.44)	0.37	0.01
Debt (including Working capital) Equity-%	0.13	0.05	0.15	0.01
EBITDA / Sales - %	15.24	(12.32)	10.57	5.26
Net Profit Margin - %	7.24	(128.03)	6.38	0.17
Return on year end Net Worth %	2.64	(3.45)	2.35	0.03
Return on year end capital employed % (EBIT/ Capital Employed)	5.86	(1.21)	3.65	0.33

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

During 2017-18, the Company allotted 55,094,999 equity shares on a preferential basis at ₹14 per share to QVT Singapore Fund Pte. Ltd, Tonbridge (Mauritius) Ltd and Leeds (Mauritius) Ltd (Non-Promoters).

The Company has not allotted equity shares in 2018-19.

Reserves and Surplus

During the year 2017-18, the balance of Foreign Currency Translation Reserve of ₹11,821 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

During the year 2018-19, the balance of Foreign Currency Translation Reserve of ₹12,211 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

Securities Premium Account includes the premium collected on 55,094,999 equity shares that were allotted during the year 2017-18 at a premium of ₹4/- per share. The shares were allotted to Non-Promoters, on preferential basis.

Employee Stock Options

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [previously known as Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999], the Company amortizes the excess of market price of the underlying equity shares as on the date of the grant of the option over the exercise price of the option, to be adjusted over the period of vesting. The net amount carried in respect of stock options outstanding at March 31, 2019 amounts to ₹18 Lakhs (Previous Year: ₹2 Lakhs).

Short Term Borrowings

During the previous year 2017-18, pursuant to the restructuring of the Company, balance of loan outstanding from Axis bank was transferred to Subex Assurance LLP. This loan has been secured by primary charge on customer receivables of Subex Assurance LLP ("SA LLP") and paripassu first charge on the current assets of SA LLP, and collateral paripassu first charge on the fixed assets of SA LLP.

As at March 31, 2018, the Company had an outstanding balance of ₹3,215 Lakhs from Axis Bank on a consolidated basis and ₹ Nil on a standalone basis.

As at March 31, 2019, the outstanding balance of short-term borrowings is ₹ Nil in the books of Consolidated & Standalone financial statement.

Fixed Assets

During the year, the Company added ₹317 Lakhs on consolidated basis and ₹12 Lakhs on standalone basis, to its gross block of

fixed assets. The Company disposed-off certain assets no longer required. The Company's net block of fixed assets was ₹547 Lakhs (Previous year ₹719 Lakhs) on consolidated basis and ₹5,005 lakhs (Previous year ₹5,624 lakhs) on standalone basis.

Investments

During the year 2018-19 and previous year 2017-18, there is no diminution in the carrying value of investment in Subex Americas Inc. Consequently, the carrying value of those investments remains at ₹936 Lakhs.

During the previous year 2017-18, the Company invested in Limited Liability Partnerships, namely, Subex Assurance LLP and Subex Digital LLP. The consideration was paid in cash amounting to ₹9,990 each.

During the previous year 2017-18, the Company, in the form of partner's capital contribution, invested an amount of ₹61,564 Lakhs in Subex Assurance LLP and ₹1,869 Lakhs in Subex Digital LLP. The consideration was discharged by means of transfer of assets and liabilities at fair value.

As at March 31, 2019, the carrying value of investment in Subex Assurance LLP and investment in Subex Digital LLP remains at ₹61,564 and ₹1,869 Lakhs respectively.

Trade Receivables

The major customers of the Company are the telecom and cellular operators overseas and in India. The receivables are spread over a large customer base. There is no significant concentration of credit risk on a single customer.

All the debtors are generally considered good and realizable and necessary provision has been made for debts considered to be bad and doubtful. The level of sundry debtors is normal and is in tune with business trends requirements.

The management believes that the overall composition and condition of trade receivables is satisfactory post assessment of doubtful receivables. The Provision for doubtful debts stands at ₹1,789 Lakhs (Previous year ₹1,346 Lakhs) on a consolidated basis and ₹2,255 Lakhs (Previous Year ₹2,228 Lakhs) on a standalone basis. The Company has written off bad debts from the earlier provision for doubtful debts against the aforesaid trade receivables after obtaining necessary approvals.

Cash and Cash Equivalents

The bank balances include both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹418 Lakhs (Previous Year: ₹ Nil) on Standalone basis and ₹672 Lakhs (Previous Year: ₹370 Lakhs) on consolidated basis with the bankers is for establishing bank guarantee.

Long-terms Loans and Advances

Security Deposits represent rent deposit, electricity deposit, telephone deposits and advances of like nature.



Income

The segment wise break up of income on consolidated basis is given below:

(₹ in Lakhs)

Particulars	2018-19		2017-18	
	Value	%	Value	%
Software Products	3,352	9.6%	3,193	9.8%
Software Services	31,460	90.4%	29,239	90.2%
Total	34,812	100%	32,432	100%

Geographically, the Company earns income from export of software products and related services to USA, EMEA & Asia Pacific region.

Other Income

Other income consists of income derived by the Company from Interest on income tax refund, interest on deposits from banks, interest on Inter Company Loans.

Expenditure

The employee benefits expenses increased to ₹19,105 Lakhs (Previous year: ₹17,471 Lakhs) on consolidated basis and decreased to ₹739 Lakhs (Previous year: ₹6,248 Lakhs) on standalone basis.

The Company incurred administration and other expenses excluding employee benefit expenses, depreciation, finance cost, taxes and exceptional items at 30% of its total Income during the year as compared to 35% during the previous year on consolidated basis and 73% of its total income during the year as compared to 60% during the previous year on a standalone basis.

Operating Profits

During the year, on consolidated basis, the Company earned an Operating Profit before interest, depreciation, tax, amortization and exceptional items of ₹5,306 Lakhs being 15% of total revenue (Excluding other income) as against ₹3,427 Lakhs at 11% total revenue (Excluding other income) during the previous year. On a standalone basis, the Company earned Operating Loss before Interest, depreciation, tax and exceptional items of ₹236 Lakhs, being 12% of total income (excluding other income and share of profit/loss from LLP's) as against an operating profit of ₹947 Lakhs at 5% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹216 Lakhs (Previous year: ₹775 Lakhs) on a consolidated basis and ₹4 Lakhs (Previous year: ₹547 Lakhs) on a standalone basis.

Depreciation

Depreciation and amortization for the year amounted to ₹483 Lakhs (Previous year: ₹517 Lakhs) on consolidated basis and ₹625 Lakhs (Previous year: ₹703 Lakhs) on standalone basis.

Provision for Tax

The Company has provided for its tax liability in India and overseas after considering the exemptions for income from software services and products under the various applicable tax enactments.

Net Profit

On consolidated basis, the net profit of the Company amounted to ₹2,522 Lakhs, as against a net profit of ₹2,068 Lakhs during the previous year. Total Comprehensive Income for the year is ₹2,094 Lakhs as compared to the income of ₹1,828 Lakhs during previous year. On standalone basis, the net loss of the Company amounted to ₹2,453 lakhs as against a net profit of ₹32 Lakhs during the previous year. Total Comprehensive loss for the year is ₹2,456 Lakhs as compared to income of ₹24 Lakhs during previous year.

Earnings per Share

Basic Earnings/(Loss) per share computed based on number of common stock outstanding, as on the Balance Sheet date is of ₹0.45 per share (Previous year: ₹0.37 per share) on a consolidated basis and a loss of ₹0.44 per share [Previous year: Earning of ₹0.01 per share] on a standalone basis.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Subexians

Our focus for the year was to bring in revenue growth and create a vibrant Subex. Culturally as an organization we take pride in ensuring the experience of the Subexian throughout the employee lifecycle of recruitment, onboarding, performance, learning & growth and offboarding is given utmost importance. And with the host of initiatives we drive, we are on a journey of creating a vibrant Subex.

Our employees are spread across the globe and the larger centers are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2019, we had 800+ full time Subexians on our rolls globally.

Human Resources at Subex is centralized at our corporate headquarters in Bengaluru, with regional HR teams providing local support aligned to the global HR strategy. The function is a key enabler in the company's growth path by driving focused initiatives towards our talent focus and development.

We take employee engagement very seriously and to that effect have HR policies that are drivers to creating a vibrant Subex. Work from home, Sabbatical, Certification, Team Outing are examples of a few policies which are employee focused.

Happy Feet, a day care facility within the premises for employees is a child care facility we offer to young parents which is being managed by a professional team.

Key hires for the year

Over the period of the last twelve months we have increased talent bandwidth with the hire of key people including Venkatraman G S, Shankar Roddam, Nishith Dave and Santhosh Gopalan in the roles of CFO, COO, Head of Presales and Head of Consulting & Advisory team respectively. This has helped create the pertinent thought leadership paving way for our growth.

Recruitment

During the year, the recruitment team has executed a well thought out manpower strategy to fulfill the organization's talent requirements. In addition to the well established processes like "Coffee with the Hiring Manager", "Post-offer feedback", Subexian referral program, partner feedback, interviewer feedback, Buddy

Programme etc., which are already entrenched in the Subex way of adding talent to our team, the focus this year was on optimizing the overall recruitment cost by adopting innovative recruitment approaches.

Keeping the dynamism in the market and the business needs, we have also started a program of proactively hiring fresh graduates and junior resources who will go through our comprehensive training programs to be business ready.

Subexian Onboarding

Statistically it is proven that onboarding ranks #2 (after recruiting) with the second highest business impact of all the HR practices. The ROI that an effective and efficient onboarding practice brings to the table cannot be ignored.

Subex has defined a robust and a comprehensive onboarding process with a clear goal of creating a great day one experience including pick up from home, seating desk allocation and laptop / desktop being made available immediately after the induction. The time spent on paper work has been reduced significantly by completing all such mundane activity online before the joining date. This has led to significantly improving the day one experience.

The process does not limit to only day one. Quantifiable processes to cover the new joinee's 30-60-90 training plan, regular polls and interventions take place to assess employee engagement.

The new joinee training is then followed up with an on-the-job training to strengthen the knowledge and skills learnt during the training period.

Performance Management

This year the focus has hinged dramatically on high performance with the aim of driving meritocracy. The HR team in consultation with business drove multiple high- performance programs in the form of rewarding high performers with enhanced roles and incentive benefits.

The ask of the current work generation is to receive constant coaching and feedback. This is being catered to by the introduction of Continuous Performance Management (CPM) which enables both the Subexian and the manager to seek and give feedback instantly.



Learning & Growth

Learning & development analysis is a continuous process to align people skills with business goals. A competency matrix of employees has been implemented with the aim of improving the efficiency through personalized skill and knowledge development.

The highlight of this year has been the introduction of asynchronous learning. This approach combines self-study with asynchronous interactions to promote learning, and it can be used to facilitate learning in traditional on-campus learning, distance learning and continuing learning.

Rewards & Recognition

We understand the importance of what appreciating and rewarding good performance and talent is. And although a recognition program involves costs, the outcome is significant. Some of the advantages are –

- Increases the repetition of desired behaviors, thereby aligning people with the desired organizational goals
- Better employee job satisfaction
- Enhances team spirit
- Lowers employee turnover by acting as a retention tool.
- Lowers incidences of negative behavior, reduces absenteeism, increases productivity, and decreases stress on the job.
- Maintains a strong employer brand
- Acts as an allied HR process for meeting learning goals

We launched our revised rewards and recognition program called 'World of Winners (WoW)' with a sole aim of mimicking the above. Some of the key highlights of this program are an award wall (which displays photos of winners along with a short description of why they won the award), surprise rewards and hardship rewards.

We also institutionalized a one of its kind rewards and recognition event. Key behaviors and traits were identified and Subexians who displayed that were nominated for the awards. A neutral panel was set up to pick winners from the nominations.

Compensation

Compensation at Subex is multi-dimensional and consists of fixed salary, variable salary, benefits, health and disability insurance, etc.

We benchmark our compensation package against industry data and strive to achieve a balanced position. We also arrive at the salary bands of Subexians by conducting comprehensive job matching, data validation and quality audits.

We as an organization are committed to the growth and development of our employees and will continue to invest in mind, money and effort towards this.

INDEPENDENT AUDITOR'S REPORT

To the Members of Subex Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Subex Limited ("the Company"), which comprise the standalone Balance sheet as at March 31, 2019, the standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income, the standalone Cash Flow Statement and the standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by

the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investments in Subsidiaries <i>(as described in note 5 of the standalone Ind AS financial statements)</i>	
As at March 31, 2019, the carrying value of investment in wholly owned subsidiaries in the standalone Ind AS balance sheet amounts to ₹ 64,369 lakhs, which is assessed for impairment. To assess if there is an impairment of the carrying value of the investment, management conducted impairment tests, annually or whenever changes in circumstances or events indicate that, the carrying amount of such investment may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value.	Our audit procedures included the following: (i) We understood the Company's process for identification of indicators for impairment and evaluated the Company's internal controls over its impairment assessment of investment in subsidiaries. We understood the key assumptions applied by the management such as revenue growth, operating margins, discount rates and terminal growth rates in determining impairment;

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investments in Subsidiaries <i>(as described in note 5 of the standalone Ind AS financial statements)</i>	
The recoverable amount is estimated by calculating the value in use, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation report/future business plans are reviewed and approved by the Audit Committee/ Board of Directors of the Company. This is a key audit matter as the testing of investment impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth etc.	(ii) In respect of the external valuation specialist engaged by the management, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert; (iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert; (iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and (v) We assessed the disclosures made in the financial statements.
Contingent liabilities in relation to tax litigations <i>(as described in note 34(b) of the standalone Ind AS financial statements)</i>	
The Company has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Company is contesting these demands. Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows. The evaluation of management's judgements supported by the assessments received from external tax and legal specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases, time period for resolution have been a matter of significance during the audit and hence considered as a key audit matter.	Our audit procedures included the following: (i) We obtained an understanding and tested the internal controls relating to the identification, recognition and measurement of provisions for disputes and disclosures of contingent liabilities in relation to tax; (ii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management; (iii) We obtained confirmation from management's expert on ongoing litigations along with risk assessment; (iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases; (v) We involved tax specialists to review the status of tax assessments and management's position in relation to ongoing disputes regarding likelihood assessment of exposure carried out by the management; (vi) We assessed the independence, objectivity and competence of the management expert; and (vii) We assessed the disclosures in the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures and report on Corporate Governance, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in standalone Ind AS financial statements – Refer Note 34(b) to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place of Signature: Bengaluru

Date: May 13, 2019

ANNEXURE 1

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUBEX LIMITED

Statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i) (c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans to directors including entities in which they are interested and in respect of loans and advances given, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 34(b)(iii) to the Standalone Ind AS Financial Statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the products/ services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given by the management, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Disputed amount * (₹ in Lakhs)	Amount paid/ refund adjusted under protest (₹ in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing, disallowances under section 10A and other disallowances	1,397	1,397	2013-14	Income Tax Appellate Tribunal ('ITAT'), Bangalore
		3,382	924	2012-13	Transfer Pricing Officer, Bangalore
		379	30	2010-11	Hon'ble High Court of Karnataka
		10	-	2009-10	Commissioner of Income Tax (Appeals), Bangalore
		346	-	2006-07	Commissioner of Income Tax (Appeals), Bangalore
		4	4	2005-06	Hon'ble High Court of Karnataka
		80	141	2004-05	Hon'ble High Court of Karnataka
		211	212	2001-02, 2002-03 and 2003-04	Hon'ble Supreme Court of India
Finance Act, 1994	Service tax	1,004	924	April 2006 to October 2007	Central Excise and Service Tax Appellate Tribunal, Bangalore
		3,608	-	April 2006 to July 2009	Commissioner of Service Tax, Bangalore

*Excluding penalty and interest from the date of Order to March 31, 2019.

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by the way of initial public offer / further public offer (including debt instruments) and term loans during the year. Hence, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 34(b)(iii) to the Standalone Ind AS Financial Statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given by the management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place of Signature: Bengaluru

Date: May 13, 2019

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUBEX LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection



of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal

financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place of Signature: Bengaluru

Date: May 13, 2019

STANDALONE BALANCE SHEET

as at March 31, 2019

(₹ in Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	18	29
Intangible assets	4	4,987	5,595
Financial assets			
Investments	5	64,369	64,406
Loans	6	35	35
Other balances with banks	7	418	-
Other financial assets	10	234	234
Income tax assets (net)	11	2,730	2,494
Deferred tax asset	12	425	425
Other non-current assets	13	281	288
		73,497	73,506
Current assets			
Financial assets			
Loans	6	4	6
Trade receivables	8	842	1,364
Cash and cash equivalents	9	97	211
Other financial assets	10	6	-
Other current assets	13	33	61
		982	1,642
Total assets		74,479	75,148
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	56,200
Other equity	15	14,949	18,034
Total equity		71,149	74,234
Liabilities			
Non-current liabilities			
Provisions	19	1	1
		1	1
Current liabilities			
Financial liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	16	1	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	16	267	415
Other financial liabilities	17	2,658	49
Other current liabilities	18	17	51
Provisions	19	112	112
Income tax liabilities (net)	20	274	286
		3,329	913
Total liabilities		3,330	914
Total equity and liabilities		74,479	75,148
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Venkatraman G S
Chief Financial Officer

Place: Bengaluru, India
Date: May 13, 2019

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

G V Krishnakanth
Company Secretary

Poornima Prabhu
Independent Director
DIN: 03114937



STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Lakhs)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
1 Income			
Revenue from operations	21	1,916	17,993
Share of profit from Limited Liability Partnerships	22	165	635
Other income	23	10	66
Total income		2,091	18,694
2 Expenses			
Employee benefits expense	24	739	6,248
Finance costs	25	4	547
Depreciation and amortization expense	26	625	703
Share of loss from Limited Liability Partnerships	22	1,765	598
Other expenses	27	1,413	10,798
Total expenses		4,546	18,894
3 Loss before exceptional items and tax expense (1-2)		(2,455)	(200)
4 Exceptional items	28	-	389
5 Profit/ (loss) before tax expense (3+4)		(2,455)	189
6 Tax expense (net):	20		
Current tax (credit)		-	(53)
Provision/ (reversal) - foreign withholding taxes (net)		(2)	157
MAT charge		-	53
		(2)	157
7 Net profit/ (loss) for the year (5-6)		(2,453)	32
8 Other comprehensive income ('OCI'), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurement loss on defined benefit plans	36	(3)	(8)
		(3)	(8)
9 Total comprehensive income for the year attributable to equity holders of the Company (7+8)		(2,456)	24
10 Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2018: ₹ 10)]	29	(0.44)	0.01
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 13, 2019

For and on behalf of the Board of Directors

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Place: Bengaluru, India
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Company Secretary

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Independent Director
DIN: 03114937

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

A. Equity share capital (refer note 14):

	No.	(₹ in Lakhs)
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares **	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company							Total
	Reserves and surplus							
	Equity component of compound financial instruments	Capital reserve	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Treasury shares	
As at April 1, 2017	205	-	24,501	1,780	6	(13,457)	-	13,035
Add: Profit for the year	-	-	-	-	-	32	-	32
Less: Other comprehensive income	-	-	-	-	-	(8)	-	(8)
Add/ (less): On account of repayment of FCCBs *	(205)	-	-	-	-	205	-	-
Add: Additions during the year on account of preferential issue of equity shares **	-	-	2,204	-	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	-	(5)	-	-	(5)
Add: On account of restructuring (refer note 30)	-	2,776	-	-	-	-	-	2,776
As at March 31, 2018	-	2,776	26,705	1,780	1	(13,228)	-	18,034
Less: Loss for the year	-	-	-	-	-	(2,453)	-	(2,453)
Less: Other comprehensive income	-	-	-	-	-	(3)	-	(3)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	-	(645)	(645)
Add: Share-based payments (refer note 35)	-	-	-	-	16	-	-	16
As at March 31, 2019	-	2,776	26,705	1,780	17	(15,684)	(645)	14,949

*In the previous year, upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, was transferred to surplus/(deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

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Independent Director
DIN: 03114937

per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Operating activities		
Profit/ (loss) before tax expense	(2,455)	189
Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:		
Depreciation of property, plant and equipment	17	155
Amortization of intangible assets	608	548
Expense on employee share based payments	16	-
Loss on disposal of property, plant and equipment (net)	-	2
Interest income (including fair value changes)	(10)	(34)
Finance costs (including fair value changes)	4	547
Provision for doubtful debts and advances (net of reversal)	35	(182)
Provisions for doubtful advances no longer required written back (exceptional item)	-	(389)
Write back of withholding taxes paid earlier	-	(30)
Amortized cost of deposits	4	32
Fair value change in financial instruments	-	(62)
Share of profit/ (loss) (net) from Limited Liability Partnerships	1,600	(37)
Net foreign exchange differences	7	(55)
Operating profit before working capital changes	(174)	684
Working capital adjustments:		
(Increase)/ decrease in loans	5	389
(Increase)/ decrease in trade receivables	488	8,789
(Increase)/ decrease in other financial assets	-	453
(Increase)/ decrease in other assets	31	464
Increase/ (decrease) in trade payables	(155)	(3,381)
Increase/ (decrease) in other financial liabilities	10	(144)
Increase/ (decrease) in other current liabilities	(34)	(53)
Increase/ (decrease) in provisions	(3)	43
	168	7,244
Income tax paid (including TDS, net of refund)	(246)	(999)
Net cash flows (used in)/ from operating activities	(78)	6,245
(B) Investing activities		
Purchase of property, plant and equipment	(11)	(203)
Purchase of intangible assets	-	(6,080)
Proceeds from sale of property, plant and equipment	6	-
Drawings from Limited Liability Partnerships	1,035	-
Cash transferred pursuant to restructuring (refer note 30)	-	(1,300)
(Investment in)/ Proceeds from margin money deposit	(418)	89
Interest received	1	14
Purchase of treasury shares by ESOP trust	(645)	-
Net cash flows used in investing activities	(32)	(7,480)

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(C) Financing activities		
Movement in working capital loans (net)	-	(3,107)
Interest paid	(4)	(975)
Preferential issue of equity shares	-	7,713
Repayment of borrowings (FCCBs)	-	(2,336)
Net cash flows (used in)/ from financing activities	(4)	1,295
(D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(114)	60
Cash and cash equivalents at the beginning of the year	211	151
(E) Cash and cash equivalents at year end (refer note 9)	97	211

Explanatory notes to statement of cash flow

Reconciliation of liabilities arising from financing activities for the year ended March 31, 2018*

(₹ in Lakhs)

Particulars	As at March 31, 2017	Repayments /proceeds (Net)	Liability transferred pursuant to restructuring**	Foreign exchange fluctuation	As at March 31, 2018
Foreign currency convertible bonds	2,277	(2,336)	-	59	-
Loan repayable on demand	8,590	(3,107)	(5,483)	-	-
Total liabilities from financing activities	10,867	(5,443)	(5,483)	59	-

*For the current year 2018-19, there is no opening and closing balance of foreign currency convertible bonds or loan repayable on demand. Therefore, there is no reconciliation of liabilities arising from financing activities for the year ended March 31, 2019.

**refer note 30

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
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per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

1. Corporate information

Subex Limited ("the Company" or "Subex") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre ("ROC") – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/ inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring. Also, refer note 30 in this regard.

These standalone financial statements for the year ended March 31, 2019 are approved by the Board of Directors on May 13, 2019.

2. Significant accounting policies

a. Basis of preparation

The standalone financial statements of the Company have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The standalone financial statements comprise the financial statements of the Company and its controlled employee benefit trust.

Subex Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust are controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated [refer note 2(o) and note 35].

The standalone financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Use of estimates, assumptions and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Revenue recognition

The Company uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Company to estimate the efforts to date as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Also, refer note 2(h).

Impairment of financial assets

In accordance with Ind AS 109, the Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Company provides for impairment of investment in subsidiaries. Impairment exists when there is a diminution in value of the investment and the recoverable value of such investment is lower than the carrying value of such investment.

The Company provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(h).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also, refer note 2(k).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(r) and note 20.

c. Current/ non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It holds the liability primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d. Revenue recognition

The Company derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and /or revised accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Company, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined based on completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services, the Company has applied the guidance in Ind AS 115, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as distinct performance obligation. For allocating the consideration, the Company has measured the revenue in respect of each distinct performance obligation of a transaction at its standalone selling price, in accordance with principles given in Ind AS 115. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company has used a residual method to allocate the arrangement consideration. In these cases, the balance of the consideration, after allocating the standalone selling price of undelivered components of a transaction has been allocated to the delivered components for which specific standalone selling price do not exist.

The Company collects Goods and Service tax and other taxes as applicable in the respective tax jurisdictions where the Company operates, on behalf of the government and therefore it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in other financial assets represent revenues recognized in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized as at the balance sheet date.

The application of Ind AS 115 did not have significant impact on the financial statements.

Interest

Interest income is recognized as it accrues in the standalone statement of profit and loss using effective interest rate method.

e. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the standalone statement of profit and loss when the assets are derecognized.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the standalone statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

g. Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management, basis technical assessment:

The Company has used the following useful lives to provide depreciation on plant and equipment and amortization of intangible assets:

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years
Intellectual property rights	10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Impairment

Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the standalone statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the standalone statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i. Equity investments in subsidiaries

Investments in subsidiaries are classified as non-current investments. Impairment recognized, if any, is reduced from the carrying value.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the standalone statement of profit and loss.

Investment in Limited Liability Partnership (LLP) firms is carried at cost in the separate financial statements. The share in profit/loss in LLP is recognised as income/expense in the standalone statement of profit and loss and is recorded under other current financial asset/liabilities as the right to share the profit/loss is established as per the LLP's agreement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in standalone statement of profit and loss.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the standalone statement of profit and loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Standalone statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) for the period is adjusted for the effects of transactions of a non-cash nature or any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

n. Employee share based payments

The Company measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o. Treasury shares

The Company has formed Subex Employee Welfare and ESOP Benefit Trust (ESOP Trust) for providing share-based payment to its employees. The Company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

Own equity instruments that are purchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted with treasury shares.

p. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the standalone statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on projected unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the standalone statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to 'Surplus/ (deficit) in the statement of profit and loss'.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the standalone statement of profit and loss and are not deferred.

The Company presents the entire compensated absences balance as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

q. Foreign currencies

Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss.

The Company's standalone financial statements are presented in INR (₹). The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

r. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

s. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2017	752	7	12	50	821
Additions	193	1	1	8	203
Disposals	(1)	-	-	(2)	(3)
Transfer on account of restructuring (refer note 30)	(884)	(7)	-	(52)	(943)
As at March 31, 2018	60	1	13	4	78
Additions	12	-	-	-	12
Disposals	(1)	-	(11)	-	(12)
As at March 31, 2019	71	1	2	4	78
Depreciation					
As at April 1, 2017	431	4	2	22	459
Charge for the year	145	1	2	7	155
Disposals	(1)	-	-	-	(1)
Transfer on account of restructuring (refer note 30)	(531)	(5)	-	(28)	(564)
As at March 31, 2018	44	-	4	1	49
Charge for the year	14	-	2	1	17
Disposals	(1)	-	(5)	-	(6)
As at March 31, 2019	57	-	1	2	60
Net block					
As at March 31, 2018	16	1	9	3	29
As at March 31, 2019	14	1	1	2	18

4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights*	Total
Cost			
As at April 1, 2017	195	-	195
Additions	2	6,078	6,080
Disposals	-	-	-
Transfer on account of restructuring (refer note 30)	(67)	-	(67)
As at March 31, 2018	130	6,078	6,208
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2019	130	6,078	6,208
Amortization			
As at April 1, 2017	75	-	75
Amortization for the year	65	483	548
Disposals	-	-	-
Transfer on account of restructuring (refer note 30)	(10)	-	(10)
As at March 31, 2018	130	483	613
Amortization for the year	-	608	608
Disposals	-	-	-
As at March 31, 2019	130	1,091	1,221
Net block			
As at March 31, 2018	-	5,595	5,595
As at March 31, 2019	-	4,987	4,987

*During the previous year, the Company, vide agreement dated June 7, 2017, purchased Intellectual Property Rights ("IPR"), pertaining to its Network Analytics portfolio from its subsidiary Subex Americas Inc., for a purchase consideration of US\$ 9.4 Million (₹ 6,078 Lakhs) based on valuation carried out by an external valuer. The aforesaid acquisition would enable the Company to consolidate the Intellectual Property Rights embedded in various software products, which would enhance the product offering portfolio of the Company.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

5. Investments

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Investments carried at cost		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2018: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2018: ₹ 76,560 Lakhs)]*	936	936
4,999,994 (March 31, 2018: 4,999,994) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2018: ₹ 500 Lakhs)]	-	-
	936	936
B. Investments in limited liability partnership firms (refer note 1, note 5(a), note 22 & note 30)*		
Investment in Subex Assurance LLP	61,564	62,199
Investment in Subex Digital LLP	1,869	1,271
	63,433	63,470
Total Investments carried at cost (A+B)	64,369	64,406
Aggregate amount of unquoted investments in subsidiaries	141,429	141,466
Aggregate amount of impairment on investments	77,060	77,060
	64,369	64,406

During the previous year, pursuant to the restructuring, Subex Limited has transferred its investments in equity shares of wholly owned subsidiaries Subex (UK) Limited and Subex Middle East (FZE) to Subex Assurance LLP. Also, refer note 30.

*As at March 31, 2019, the Company has assessed the carrying value of the investment in its subsidiaries, based on future operational plan, projected cash flows and valuation carried out by an external valuer, which has been approved by the Board of Directors. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2019 is appropriate.

a) As at March 31, 2018, the share of profit of ₹ 635 lakhs with respect to Subex Assurance LLP and share of loss of ₹ 598 lakhs with respect to Subex Digital LLP were adjusted with carrying value of investment considering management plan.

During the year, considering the financial position of the limited liability partnerships, management intends to fund the losses and withdraw the share of profit. Accordingly, cumulative share of loss of ₹ 2,363 lakhs pertaining to Subex Digital LLP and drawings in excess of cumulative share of profit of ₹ 235 lakhs pertaining to Subex Assurance LLP is disclosed under 'Other current financial liabilities' (refer note 17).

6. Loans

Non-current

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loan receivable		
Unsecured, considered good		
Security deposit	35	35
Loan receivables - credit impaired		
Loans to related parties (refer note 32 and note 33)	1,706	1,706
	1,741	1,741
Impairment allowance for loan receivable		
Loan receivables - credit impaired		
Loans to related parties (refer note 32 and note 33)	(1,706)	(1,706)
Total	35	35
Current		
Unsecured, considered good		
Loans and advances to employees	4	6
Total	4	6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Other bank balances (refer note 9)		
Margin money deposits [refer note 34(b)(iii)]	418	-
	418	-

8. Trade receivables*

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	3,097	3,592
Total (a)	3,097	3,592
Impairment allowance (allowance for bad and doubtful debts)**		
Unsecured, considered good	(2,255)	(2,228)
Total (b)	(2,255)	(2,228)
Net Trade Receivables (a-b)	842	1,364

*includes dues from related parties. Refer note 31.

**During the year ended March 31, 2019, the Company has written off bad debts amounting to ₹ 9 Lakhs (March 31, 2018 : ₹ 1,621 Lakhs) including related party receivables from its allowances for doubtful debts.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, refer note 32 for the balance receivable from Subex Assurance LLP and Subex Digital LLP where certain directors of the Company are appointed as designated partners / employee.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Balance with banks		
In current accounts	97	211
	97	211
Non-current		
Other balances with banks		
Margin money deposits	418	-
	418	-
Less: Disclosed under other balances with banks (Non-current) (refer note 7)	(418)	-
	-	-

For the purpose of the standalone statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Interest accrued but not due on bank deposits	6	-
	6	-

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance income-tax [net of provision for taxation ₹ 612 Lakhs (March 31, 2018: ₹ 612 Lakhs)]	2,730	2,494
	2,730	2,494

12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Minimum alternative tax ('MAT') credit entitlement (refer note 20)	425	425
	425	425

13. Other assets

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	14	21
	281	288
Current		
Balance with statutory/ government authorities	8	-
Advance recoverable in cash or kind		
Prepaid expenses	9	48
Advance to suppliers	-	1
Expenses incurred on behalf of customers	16	12
	33	61

*Balance represents service tax inadvertently paid by the Company during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

14. Share capital

	No.	(₹ in Lakhs)
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up *		
As at April 1, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14(e)]	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019*	562,002,935	56,200

*includes 243,207 (March 31, 2018: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has not declared any dividend during the years ended March 31, 2019 and March 31, 2018.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Details of shares held by each shareholder [together with Persons Acting in Concert(PAC)] holding more than 5% shares in the Company

Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2019		As at March 31, 2018	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	-	-	27,563,571	4.90
QVT Singapore Fund Pte. Ltd	-	-	27,531,428	4.90

As at March, 31, 2019, there is no individual shareholder or shareholder (together with PAC) holding more than 5% shares of the Company.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

14. Share capital (contd.)

c) Shares reserved for issue under options (No.)

	As at March 31, 2019	As at March 31, 2018
Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP - III	6,125	24,055
ESOP - V	11,200,000	-
	11,206,125	24,055

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2019	As at March 31, 2018
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.)	-	89,335,462
[In accordance with the terms of FCCBs III, out of the principal face value of US\$127.72 Million (₹ 71,593 Lakhs), an amount of US\$ 36.32 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012].		

e) During the year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

f) Number of treasury shares outstanding

	As at March 31, 2019	As at March 31, 2018
Equity shares held by Subex Employee Welfare and ESOP Benefit Trust (refer note 35)	11,200,000	-

15. Other equity

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Equity component of compound financial instruments		
Balance as per last financial statements	-	205
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	-	(205)
Closing balance	-	-
Capital reserve		
Balance as per last financial statements	2,776	-
Add: Additions on account of restructuring (refer note 30)	-	2,776
Closing balance	2,776	2,776
Securities premium		
Balance as per last financial statements	26,705	24,501
Add: Additions on account of preferential issue of equity shares [refer note 14(e)]	-	2,204
Closing balance	26,705	26,705
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Employee stock options reserve		
Balance as per last financial statements	1	6
Less: Compensation on ESOP cancelled/ lapsed during the year	-	(5)
Add : Share-based payments	16	-
Closing balance	17	1
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(13,228)	(13,457)
(Less)/ Add: (Loss)/ Profit for the year	(2,453)	32
Add: Transfer from equity component of compound financial instrument*	-	205
Less: OCI - Remeasurement loss on defined benefit obligations	(3)	(8)
Closing balance	(15,684)	(13,228)
Treasury Shares		
Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust**	(645)	-
Closing balance	(645)	-
Summary of other equity:		
Capital Reserve (refer note 30) The Company recognises profit and loss on transfer of business on account of restructuring to capital reserve.	2,776	2,776
Securities premium account Securities premium is used to record the premium on issue of shares. The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.	26,705	26,705
General reserve This represents appropriation of profit by the Company.	1,780	1,780
Employee stock options reserve The employee stock option reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to reserves upon exercise of stock options by employees.	17	1
Surplus/ (deficit) in the statement of profit and loss Surplus/ (deficit) in the statement of profit and loss comprises of the amounts that can be distributed by the company as dividends to its equity share holders.	(15,684)	(13,228)
Treasury Shares Treasury shares represent own equity shares that are reacquired and recognised at cost for the purpose of re-issuing to employees under ESOP scheme.	(645)	-
Total other equity	14,949	18,034

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/(deficit) in the statement of profit and loss.

**On July 31, 2018, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme - 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust is authorised to purchase shares of the Company through secondary market for issuance to the employees of the Group under ESOP Scheme 2018. Such shares held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Also refer Note 35 for further details on ESOP scheme.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

16. Trade payables*

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises**	1	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	267	415
	268	415

*includes dues to related parties. Refer note 32.

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- for explanations on the Company's credit risk management, refer note 39.

**Payable to micro, small and medium enterprises

(₹ in Lakhs)

Description	As at March 31, 2019	As at March 31, 2018
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	1	-
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

17. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Share of Loss from Subex Digital LLP* [refer note 5(a)]	2,363	-
Drawings in excess of share of profit from Subex Assurance LLP* [refer note 5(a)]	235	-
Employee related liabilities	57	49
Capital creditors	1	-
Advance from related parties*	2	-
	2,658	49

*refer note 32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

18. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Statutory dues	17	51
	17	51

19. Provisions

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	1	1
	1	1
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	-	3
Leave benefits	12	9
Provision for litigations*	100	100
	112	112

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous years, refer note 34(b)(iii) for further details.

20. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Provision for tax [net of advance tax ₹ 234 Lakhs (March 31, 2018: ₹ 234 Lakhs)]	150	150
Provision for foreign taxes	22	34
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2018: ₹ 62 Lakhs)] *	102	102
	274	286

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b)(i) for further details.

Income tax expense in the standalone statement of profit and loss consist of the following:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Tax expense:		
Current tax (credit)	-	(53)
Provision/ (reversal) - foreign withholding taxes (net) *	(2)	157
MAT charge	-	53
	(2)	157

Notes:

*Represents provision in respect of withholding taxes deducted/deductible by the overseas customers of the Company.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

20. Income tax liabilities (net) (contd.)

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Profit/ (loss) before tax expense	(2,455)	189
Applicable tax rates in India	34.94%	34.61%
Computed tax charge (A)	(858)	65
Components of tax expense:		
Provision for foreign withholding taxes (net)	(2)	157
Deferred tax asset not recognised on carry forward losses	858	-
Other adjustments	-	(65)
Total adjustments (B)	856	92
Total tax expense (A+B)	(2)	157

21. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	-	725
Sale of services	1,916	17,268
	1,916	17,993
Disaggregation of revenue:		
Revenue by offering		
Managed services	44	2,222
Sub-contracting services (refer note 32)	1,872	11,085
Sale of license	-	725
Implementation and customisation	-	1,268
Support services	-	2,693
	1,916	17,993

22. Share of profit/ (loss) from Limited Liability Partnerships (net)*

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Share of profit from Subex Assurance LLP	165	635
Share of loss from Subex Digital LLP	(1,765)	(598)
	(1,600)	37

*refer note 5(a), note 30 and note 32.

23. Other income

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Write back of withholding taxes paid earlier (refer note 42)	-	30
Miscellaneous income	-	2
Interest income on:		
Security deposits	3	21
Bank deposits	7	7
Inter-company loans and advances (refer note 32)	-	6
	10	66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

24. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	684	5,684
Contribution to provident and other funds	24	172
Employee share based payments	16	-
Gratuity expense (refer note 36)	4	42
Staff welfare expenses	11	350
	739	6,248

25. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest		
Foreign currency convertible bonds	-	95
Other borrowings	-	294
Other finance charges	-	11
Bank charges	4	147
	4	547

26. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	17	155
Amortization of intangible assets (refer note 4)	608	548
	625	703

27. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Cost of hardware, software and support charges	4	398
Sub-contract charges	-	90
Rent	128	765
Power and fuel	16	124
Repairs and maintenance		
Building	7	45
Others	33	322
Insurance	8	57
Communication costs	13	75
Printing and stationery	13	38
Traveling and conveyance	102	1,154
Rates and taxes	68	130
Advertisement and business promotion	13	87
Consultancy charges	300	483



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

27. Other expenses (contd.)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Payments to auditors [refer note 27(i)]	55	114
Sales commission	-	54
Marketing and allied service charges (refer note 32)	513	6,658
Provision for doubtful debts (net)	35	(182)
Exchange fluctuation loss (net)	39	311
Directors sitting fees (refer note 32)	56	73
Loss on sale of fixed assets (net)	-	2
Contribution towards corporate social responsibility	10	-
	1,413	10,798

27(i). Payments to the auditors *:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit fee	48	87
Tax audit fee	1	4
In other capacity		
Other services (certification services)	3	15
Reimbursement of expenses	3	8
	55	114

*Payment to auditors is exclusive of goods and services tax/ service tax

28. Exceptional items

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Inter company balances		
Provision for doubtful advances no longer required written back*	-	389
	-	389

*Represents provision for doubtful advances no longer required written back upon collection of the loans and advances from its subsidiaries which were provided during the year ended March 31, 2016.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

29. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2019	Year ended March 31, 2018
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	(2,453)	32
Weighted average number of equity shares (No. in Lakhs)*	5,577	5,554
Earnings/ (loss) per share basic and diluted (₹ per share)**	(0.44)	0.01

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

**Employee stock options outstanding as at March 31, 2019 and as at March 31, 2018 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

30. Restructuring

During the previous year, the Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its Revenue Maximization Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring", subject to shareholders and other requisite approvals, to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.

The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business were transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

Pursuant to restructuring, the Company accounted for the transaction in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. Accordingly, the difference between net assets transferred and the capital contribution of ₹ 2,776 Lakhs was recognised as Capital reserve.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

30. Restructuring (contd.)

During the previous year, balances transferred from Subex Limited to the LLPs pursuant to the restructuring were as follows:

(₹ in Lakhs)

Particulars	SA LLP	SD LLP	Total
(A) Capital contribution	61,564	1,869	63,433
Net assets:			
Assets:			
Property, plant and equipment	356	23	379
Intangible assets	57	-	57
Investment in Subex (UK) Ltd., UK	64,739	-	64,739
Investment in Subex Middle East (FZE), UAE	27	-	27
Loans and advances	742	81	823
Trade receivables	9,039	-	9,039
Cash and cash equivalents	1,000	300	1,300
Other balances with banks	37	-	37
Other current financial assets	2,076	-	2,076
Other current assets	242	3	245
(B1) Total assets	78,315	407	78,722
Liabilities:			
Borrowings	5,483	-	5,483
Trade payables	10,347	241	10,588
Other current financial liabilities	455	46	501
Other current liabilities	1,082	-	1,082
Provisions	382	29	411
(B2) Total liabilities	17,749	316	18,065
(B) Net assets transferred (B1-B2)	60,566	91	60,657
Capital reserve (A-B)	998	1,778	2,776

31. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Company's operations in Europe, Middle East and APAC comprises of the Company's operations majorly in Singapore and Australia. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2019	Year ended March 31, 2018
Americas	489	2,997
EMEA	-	10,371
India	44	1,607
APAC	1,383	3,018
	1,916	17,993

*Revenues by geographic area are based on the geographical location of the customer.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

31. Segment reporting (contd.)

No external customer individually accounted for more than 10% of the total revenue of the Company during the years ended March 31, 2019 and March 31, 2018. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company (refer note 32).

Non-current operating assets by geographical location are as follows**:

(₹ in Lakhs)

Region	As at March 31, 2019	As at March 31, 2018
India	5,286	5,912
Outside India	-	-
Total non-current operating assets	5,286	5,912

**Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

32. Related party transactions

i. Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.
Subex (UK) Limited
Subex Technologies Limited
Subex Azure Holdings Inc.
Subex (Asia Pacific) Pte. Limited
Subex Inc.
Subex Middle East (FZE)
Subex Assurance LLP (w.e.f April 5, 2017)
Subex Digital LLP (w.e.f April 5, 2017)

Trust which is consolidated

Subex Employee Welfare and ESOP Benefit Trust (w.e.f September 6, 2018)

ii. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel

Anil Singhvi	Chairman (w.e.f. May 25, 2017) & Independent Director
Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer (w.e.f April 01, 2018) Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017) Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018)
G V Krishnakanth	Company Secretary (w.e.f July 10, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Surjeet Singh	Managing Director & Chief Executive Officer (Up to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017) Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Mehernaz Dalal	Chief Financial Officer (w.e.f June 15, 2017 to November 30, 2018)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

32. Related party transactions (contd.)

iii. Details of the transactions with the related parties during the year ended March 31, 2019: (₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Transactions with wholly owned subsidiaries		
Income from software development and sub-contracting services:		
Subex Inc.	489	2,479
Subex (Asia Pacific) Pte. Limited	1,383	2,213
Subex (UK) Limited	-	5,394
Subex Americas Inc.	-	288
Subex Middle East (FZE)	-	711
	1,872	11,085
Marketing and allied service charges:		
Subex (UK) Limited	1	2,710
Subex Inc.	512	3,315
Subex Americas Inc.	-	244
Subex (Asia Pacific) Pte. Limited	-	356
Subex Middle East (FZE)	-	33
	513	6,658
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	-	6
	-	6
Reimbursement of expenses made to:		
Subex Assurance LLP	118	408
Subex Digital LLP	10	11
Subex (Asia Pacific) Pte. Limited	12	10
Subex (UK) Limited	-	7
Subex Inc.	-	1
Subex Technologies Limited	-	1
	140	438
Reimbursement of expenses received from:		
Subex Assurance LLP	202	756
Subex (Asia Pacific) Pte. Limited	78	21
Subex (UK) Limited	1	29
Subex Digital LLP	-	69
Subex Inc.	-	8
Subex Americas Inc.	-	1
	281	884
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	-	1,173
Subex Inc.	-	(793)
Subex (Asia Pacific) Pte. Limited	-	(609)
Subex (UK) Limited	-	(148)
Subex Technologies Limited	-	(12)
	-	(389)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

32. Related party transactions (contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Bad debts written off:*		
Subex Americas Inc.	-	480
	-	480
Investment made in form of capital contribution [refer note 5(a)]:		
Subex Assurance LLP	-	61,564
Subex Digital LLP	-	1,869
	-	63,433
Drawings during the period		
Subex Assurance LLP	1,035	-
	1,035	-
Loan given to Subex Employee Welfare and ESOP Benefit Trust****	645	-
	645	-
Advance received		
Subex Assurance LLP	2	-
	2	-
Share of profit/(loss), from Limited Liability Partnerships:		
Subex Assurance LLP	165	635
Subex Digital LLP	(1,765)	(598)
	(1,600)	37
Net assets, including investment, transferred pursuant to restructuring (refer note 30):		
Subex Assurance LLP	-	60,566
Subex Digital LLP	-	91
	-	60,657
B. Transactions with key managerial personnel		
Salary and perquisites**		
Vinod Kumar Padmanabhan***	57	54
Venkatraman G S***	31	-
G V Krishnakanth***	24	-
Mehernaz Dalal	63	44
Ashwin Chalapathy	-	45
Surjeet Singh	-	38
Ganesh KV	-	37
	175	218
Director sitting fees		
Anil Singhvi	24	28
Nisha Dutt	14	22
Poornima Prabhu	18	23
	56	73

*Bad debts written off during the previous year ended March 31, 2018 were from allowances for doubtful debts.

**The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Company as a whole.

***During the year, the Company has granted 25 lakhs ESOPs to key management personnel under ESOP 2018 scheme, which includes options granted to designated partner/ employee of Subex Assurance LLP.

****Loan given to Subex Employee Welfare and ESOP Benefit Trust has been reduced from other equity. Also refer note 15.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

32. Related party transactions (contd.)

iii. Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2018: ₹ 1,841 Lakhs)]	-	-
Subex Inc.	87	363
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 34 Lakhs (March 31, 2018: ₹ 34 Lakhs)]	337	248
Subex Assurance LLP	6	-
Subex UK Limited	-	1
Subex Digital LLP	-	6
	430	618
Trade payables		
Subex (UK) Limited	1	-
Subex Inc.	127	206
Subex (Asia Pacific) Pte. Limited	76	-
Subex Assurance LLP	1	127
Subex Americas Inc.	-	2
	205	335
Loans and Advances receivable		
Subex Americas Inc. [Net of provision of ₹ Nil (March 31, 2018: ₹ Nil)]	-	-
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2018: ₹ 1,706 Lakhs)]	-	-
	-	-
Loans and Advances payables		
Subex Assurance LLP	2	-
	2	-
Current financial liabilities		
Share of Loss from investment in Subex Digital LLP	2,363	-
Overdraft from Subex Assurance LLP	235	-
	2,598	-
Outstanding guarantees given to		
Subex Assurance LLP [refer note 34(b)(iv)]	4,500	8,250

33. Disclosure as per Regulation 34(3) and Regulation 53(f) read with Para A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the listing agreement with the Stock Exchanges.

Loans and advances given to wholly owned subsidiaries:

(₹ in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Technologies Limited*	1,706	1,706	1,706	1,718
Subex Americas Inc. **	-	-	-	377
	1,706		1,706	

*Loans and advances to Subex Technologies Limited is provided as at March 31, 2019: ₹ 1,706 Lakhs (March 31, 2018: ₹ 1,706 Lakhs).

**During the previous year, loans and advances to Subex Americas Inc., have been collected and related provision has been written back ₹ 377 Lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities

a) Commitments

Operating leases

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹ 128 Lakhs (March 31, 2018: ₹ 765 Lakhs)

b) Contingent liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax demands [refer note (i)]	10,952	12,692
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Corporate guarantee issued by the Company [refer note (iv)]	4,500	8,250
Bank guarantees (furnished to customers)	-	6

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2015, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Company has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Company had received certain claims from two of its ex-directors for an amount of ₹ 1,293 Lakhs. The Company disputed the same as these claims are not tenable. During the current year, in respect of arbitration concerning to one of the ex-directors, the Honorable Tribunal has passed an Award directing the Company to pay a sum of ₹ 696 lakhs (including interest). The Company has filed an application before the Honorable City Civil Court, Bengaluru to set aside the Award and has also sought an interim stay in this regard. The Honorable City Civil Court, Bengaluru passed an interim order staying the Award passed by the Honorable Tribunal until disposal of the arbitral suit, subject to Company depositing a 60% bank guarantee of the award amount. The Company has deposited a bank guarantee for an amount of ₹ 418 Lakhs i.e., 60% of the award amount. During the current year, in respect of the arbitration proceedings concerning to the other ex-director, the Honorable Tribunal passed an Award directing the company to pay a sum of ₹ 770 lakhs. The Company filed a challenge application before the Honorable City Civil Court, Bengaluru to set aside the Arbitral Award which is pending. Since it is uncertain in both the matters if and what relief the Honorable City Civil Court, Bengaluru will grant, the management, basis opinion obtained from its legal counsel, is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Company has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2018: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Company, and



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities (contd.)

other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2018: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2018: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

The Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 4,500 lakhs (March 31, 2018: ₹ 8,250 Lakhs) for the purpose of availing of working capital loan facilities by the said subsidiary.

- v. The Company has issued comfort letter to provide continued financial support to its subsidiary viz., Subex Americas Inc., to ensure that the entity is able to meet its commitments and liabilities as they fall due and it continues as a going concern.

35. Employee stock options plans ('ESOPs')

The Company during the years 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

The Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved "Subex Employees Stock Option Scheme - 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6, 2018 and is authorised to acquire upto 5% of the outstanding share capital of the Company as on March 31, 2018 through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Subsequently, the Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 1,06,50,000 options effective from February 05, 2019 to the eligible employees at ₹ 6/- each per share. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

Employees stock options details as on the balance sheet date are:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP - III	24,055	18.24	92,368	22.97
ESOP - IV	-	-	28,301	28.44
Granted during the year				
ESOP - V	10,650,000	6.00	-	-
Cancelled, surrendered or lapsed during the year				
ESOP - III	17,930	19.78	68,313	24.67
ESOP - IV	-	-	28,301	28.44
ESOP - V	-	-	-	-
Options outstanding at the end of the year				
ESOP - III	6,125	13.74	24,055	18.24
ESOP - V	10,650,000	6.00	-	-
Options exercisable at the end of the year				
ESOP - III	6,125	13.74	24,055	18.24
ESOP - V	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

35. Employee stock options plans ('ESOPs') (contd.)

Details of weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2018-19	2017-18	2018-19	2017-18
ESOP – III	0.46	1.26	10.26 - 24.99	10.26 - 54.83
ESOP – V	3.35	-	6.00	-

*considering vesting and exercise period

Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value is as below:

Particulars	March 31, 2019
Risk-free interest rate	6.90%
Expected volatility of share	50.00%
Expected life(years)	2
Weighted average fair value as on grant date (₹)	1.46

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

36. Employee benefit plans

a) Provident fund

The Company makes contributions for qualifying employees to Provident Fund which is defined contribution plan. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 23 Lakhs (March 31, 2018: ₹ 198 Lakhs) for Provident Fund contributions.

b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
A. Change in defined benefit obligation		
Obligations at beginning of the year	22	425
Service cost	4	42
Interest cost	1	17
Benefits settled	(10)	(51)
Actuarial loss (through OCI)	3	9
Liability transferred pursuant to restructuring (refer note 30)	-	(420)
Obligations at end of the year	20	22
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	18	144
Expected return on plan assets	1	6
Actuarial gain (through OCI)	-	1
Contributions	10	60



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Benefits settled	(10)	(51)
Asset transferred pursuant to restructuring (refer note 30)	-	(142)
Plan assets at the end of the year	19	18
Present value of defined benefit obligation at the end of the year	(20)	(22)
Fair value of plan assets at the end of the year	19	18
C. Net liability recognised in the standalone balance sheet	(1)	(4)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
D. Expenses recognised in the standalone statement of profit and loss:		
Service cost	4	42
Interest cost (net)	-	11
Net gratuity cost	4	53
E. Re-measurement gains/ (losses) in OCI		
Actuarial loss due to financial assumption changes	-	-
Actuarial loss due to experience adjustments	3	9
Actuarial gain - return on plan assets greater than discount rate	-	(1)
Total expenses recognised through OCI	3	8
F. Assumptions		
Discount rate	7.30%	7.60%
Expected return on plan assets	7.60%	7.00%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2006-08)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
G. Five years pay-outs		
Year 1	-	3
Year 2	3	3
Year 3	3	3
Year 4	3	3
Year 5	3	3
After 5 th Year	18	20
H. Contribution likely to be made for the next one year	-	3

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2019	As at March 31, 2018
Investment with insurer	100%	100%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans (contd.)

J. Sensitivity analysis

(₹ in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(0.48)	0.50	(0.51)	0.54
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	0.99	(0.93)	1.05	(0.91)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(0.94)	1.09	(0.90)	1.03

- k. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2018: 6 years).

37. Capital management

The Company's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Total equity attributable to the share holders of the Company*	71,149	74,234
Total equity as a percentage of total capital	100%	100%

*During the previous year, the Company has made preferential allotment of equity shares. Refer note 14(e).

38. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	6	-
Trade receivables*	842	1,364
Security deposits^	35	35
Loans and advances to employees*	4	6
	887	1,405
Cash and cash equivalents and other balances with banks		
Balance with banks	97	211
Margin money deposits	418	-
	515	211
Financial liabilities measured at amortized cost		
Employee related liabilities*	57	49
Trade payables*	268	415
Capital creditors*	1	-
Advance from related party*	2	-
Share of Loss from investment in Subex Digital LLP*	2,363	-
Drawings in excess of share of profit from Subex Assurance LLP*	235	-
	2,926	464

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

^The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

39. Financial risk management

The Company's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i. Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Company's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Company is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	842	1,364
Total	842	1,364

The Company evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are group entities.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counter-party credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates for the period the Company was holding the debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's loss before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2019*		Year ended March 31, 2018	
	Change in interest rate	Effect on loss before exceptional items and tax expense	Change in interest rate	Effect on loss before exceptional items and tax expense
Working capital loans	-	-	+1%	54
	-	-	-1%	(54)

*The Company does not have any outstanding working capital loans throughout the year ended on March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

39. Financial risk management (contd.)

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	97	211
	97	211

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
As at March 31, 2019					
Trade payables	50	218	-	-	268
Other financial liabilities	-	60	2,598	-	2,658
	50	278	2,598	-	2,926
As at March 31, 2018					
Trade payables	80	-	335	-	415
Other financial liabilities	-	49	-	-	49
	80	49	335	-	464

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Company has exposures to United States Dollars ('USD'), Singapore Dollars ('SGD'), and other currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

March 31, 2019 (₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	241	333	1	575
Total financial assets	241	333	1	575
Financial liabilities				
Trade payables	128	77	1	206
Total financial liabilities	128	77	1	206
Net financial assets/ (liabilities)	113	256	-	369



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

39. Financial risk management (contd.)

March 31, 2018

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	607	244	8	859
Total financial assets	607	244	8	859
Financial liabilities				
Trade payables	208	-	-	208
Total financial liabilities	208	-	-	208
Net financial assets	399	244	8	651

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the loss before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.19%. (Previous year ended March 31, 2018: profit before exceptional items to decrease or increase respectively by 0.04%).

40. Standards issued but not yet effective

Ind AS 116 - Leases:

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Ind AS 12 - Appendix C - Uncertainty over Income Tax treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 - Employee benefits:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

40. Standards issued but not yet effective (contd.)

Amendment to Ind AS 12 – ‘Income Taxes’:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the aforementioned on its standalone financial statements.

41. As per section 135 of The Company’s Act, 2013, a Corporate Social Responsibility (‘CSR’) committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. During the year ended March 31, 2019, the Company has voluntarily incurred an expense of ₹ 10 lakhs (March 31, 2018 : ₹ Nil) towards CSR activities.

Amount spent during the year ended March 31, 2019:

(₹ in Lakhs)

	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	10	-	10

42. During the previous year, the Company had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due was considered no longer payable and the management basis expert advice, was of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, were recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Company adjusted withholding taxes of ₹ Nil (March 31, 2018: ₹ 30 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.
43. The Company has entered into ‘International transactions’ with ‘Associated Enterprises’ which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2019 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm’s length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone financial statements, particularly on account of tax expense and that of provision for taxation.
44. Consequent to the restructuring more fully described in note 1 and note 30, the current year figures are not comparable to previous year figures.

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



FORM AOC 1

(Information in respect of each Subsidiary to be presented with amounts in ₹ Lakhs)

Sr. No	1	2	3	4	5	6	7	8
Name of the Subsidiary	Subex (Aisa Pacific) PTE Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Incorporated	Subex Technologies Ltd.***	Subex Middle East	Subex Assurance LLP	Subex Digital LLP
Reporting Period of the Subsidiary Concerned	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Reporting Currency	SGD	GBP	USD	USD	INR	AED	INR	INR
Exchange Rate as on the Last date of relevant financial year in the case of foreign subsidiaries	51.0375	90.525	69.155	69.155	1	18.8275	1	1
Share Capital/ Partners Capital	3,986	41	49,806	-	500	27	61,329	(494)
Reserve & Surplus	(3,171)	3,751	(44,659)	(3,050)	(479)	91	-	-
Total Assets	2,110	8,596	7,956	3,261	83	683	70,619	1,674
Total Liabilities	1,295	4,804	2,809	6,311	63	564	9,290	2,168
Investments	-	4,482	1	-	-	-	21,476	-
Turnover*	3,952	18,806	957	9,839	-	1,388	30,133	438
Profit/(loss) Before Taxation	119	(1,182)	155	126	(4)	48	355	(1,765)
Profit After Taxation	19	(1,660)	96	118	(4)	61	165	(1,765)
Proposed Dividend	-	-	-	-	-	-	-	-
%of Shareholding**	100%	100%	100%	100%	100%	100%	100%	100%
Date of Acquisition	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	April 5, 2017	April 5, 2017

* Turnover Includes Intercompany Transactions

** Including % of holding either directly or indirectly through subsidiaries.

***Represents non-operating Company.

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Subex Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Subex Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent

of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impact of New Standard on Revenue recognition-Ind AS 115 (as described in note 23 of the consolidated Ind AS financial statements)	
The Group derives its revenue primarily from sale, implementation and customization of its proprietary license and related managed/support services.	We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
Revenue from contracts with customers is recognized by the Group in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115").	(i) We evaluated the design of internal controls and tested the operating effectiveness of the internal control;

Key audit matters	How our audit addressed the key audit matter
Impact of New Standard on Revenue recognition-Ind AS 115 <i>(as described in note 23 of the consolidated Ind AS financial statements)</i>	
The application of Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of the transaction price, allocation of transaction price to the identified performance obligations especially to license fees, the appropriateness of the basis used to measure revenue recognized over time or at a point in time. Accordingly, revenue recognition has been identified as a key audit matter.	(ii) We performed following procedures on a sample of revenue contracts, selected on a test check basis: • Read and identified the distinct performance obligations in these contracts and compared these performance obligations with those identified and recorded; • Read the terms of the contracts and tested the determination of the transaction price including any variable consideration. Also, tested management's evaluation of the stand-alone selling price for each performance obligation; • Tested the basis used by the management to measure revenue recognized over time or at a point in time as per the requirements of Ind AS 115; (iii) Tested evidence of license delivery and customer acceptance and performed cut-off procedures; and (iv) In respect of fixed price contracts, we assessed the efforts incurred with estimated efforts to identify significant variations and reasons and to test whether those variations have been considered in estimating the remaining efforts to complete the contract.
Impairment assessment of Goodwill <i>(as described in note 5 of the consolidated Ind AS financial statements)</i>	
As at March 31, 2019, the total goodwill recognized in the consolidated balance sheet amounts to ₹ 65,882 lakhs pertaining to two cash generating units ('CGUs') ie: Revenue Management Solutions ('RMS') and Data Integrity Management ('DIM'). To assess if there is an impairment of the carrying value of the goodwill, management conducts impairment tests at CGU level to which the goodwill is allocated, annually or whenever changes in circumstances or events indicate that, the carrying amount of such goodwill may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value. The recoverable amount of the CGU is estimated by calculating the value in use of the CGU to which goodwill is allocated, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation reports/ future business plans are reviewed and approved by the Audit Committee/Board of Directors of the Company. This is a key audit matter as the testing of goodwill impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth.	Our audit procedures include the following: (i) We evaluated the Group's internal controls over its annual impairment assessment and key assumptions applied such as revenue growth, operating margins, discount rates and terminal growth rates; (ii) In respect of the external valuation specialist engaged by the Group, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert; (iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert; (iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and (v) We assessed the disclosures made in the financial statements.

Key audit matters	How our audit addressed the key audit matter
Contingent liabilities in relation to tax litigations <i>(as described in note 34(b) of the consolidated Ind AS financial statements)</i>	
The Group has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Group is contesting these demands. Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows. The evaluation of management's judgements supported by the assessments received from external tax specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases and time for resolution have been a matter of significance during the audit.	Our audit procedures include the following: (i) We obtained an understanding and assessed the internal control environment relating to the identification, recognition and measurement of provisions for disputes and disclosures of contingent liabilities in relation to tax; (ii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management; (iii) We obtained confirmation from management's expert on ongoing litigations along with risk assessment; (iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases; (v) We involved tax specialists to review the status of tax assessments and management's position in relation to on-going disputes regarding likelihood assessment of exposure carried out by the management; (vi) We assessed the independence, objectivity and competence of the management expert; and (vii) We assessed the disclosures in the financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures and report on Corporate Governance, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial

statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Company which are incorporated in India as on March 31, 2019, taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors of the Holding Company and its Subsidiary Company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its Subsidiary Company incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its Subsidiary Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group in consolidated Ind AS financial statements – Refer Note 34(b) to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company incorporated in India during the year ended March 31, 2019.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place of Signature: Bengaluru

Date: May 13, 2019

ANNEXURE 1

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SUBEX LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Subex Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Subex Limited (hereinafter referred to as the "Holding Company") and its Subsidiary Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its Subsidiary Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these

consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its Subsidiary Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary Company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over

financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company and its Subsidiary Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place of Signature: Bengaluru

Date: May 13, 2019

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

(₹ in Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	540	656
Goodwill on consolidation	5	65,882	65,882
Other intangible assets	4	7	63
Financial assets			
Loans	6	503	439
Other balances with banks	7	420	75
Other financial assets	10	234	234
Income tax assets (net)	11	3,039	2,810
Deferred tax assets	12	624	552
Other non-current assets	13	478	537
		71,727	71,248
Current assets			
Financial assets			
Loans	6	121	134
Trade receivables	8	8,539	9,290
Cash and cash equivalents	9	3,947	3,007
Other balances with banks	7	252	295
Other financial assets	10	4,537	5,250
Other current assets	13	526	544
		17,922	18,520
Total assets		89,649	89,768
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	56,200
Other equity	15	23,210	21,745
Total equity		79,410	77,945
Liabilities			
Non-current liabilities			
Provisions	20	305	280
Deferred tax liabilities (net)	21	1,928	826
		2,233	1,106
Current liabilities			
Financial liabilities			
Borrowings	16	-	3,215
Trade payables	17	-	-
- total outstanding dues of micro enterprises and small enterprises		7	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		827	1,331
Other financial liabilities	18	2,961	1,511
Other current liabilities	19	2,452	3,230
Provisions	20	729	712
Income tax liabilities (net)	22	1,030	718
		8,006	10,717
Total liabilities		10,239	11,823
Total equity and liabilities		89,649	89,768
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Lakhs)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
1 Income			
Revenue from operations	23	34,812	32,432
Other income	24	101	140
Total income		34,913	32,572
2 Expenses			
Employee benefits expense	25	19,105	17,471
Finance costs	26	216	775
Depreciation and amortization expense	27	483	517
Other expenses	28	10,401	11,534
Total expenses		30,205	30,297
3 Profit before exceptional items and tax expense (1-2)		4,708	2,275
4 Exceptional items	29	-	1,166
5 Profit before tax expense (3+4)		4,708	3,441
6 Tax expense (net):	22		
Current tax charge/ (credit)		274	(171)
Provision - foreign withholding taxes (net)		885	789
MAT charge		-	53
Deferred tax charge (net)		1,027	702
		2,186	1,373
7 Profit for the year (5-6)		2,522	2,068
8 Other comprehensive income ('OCI'), net of tax expense			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Net exchange loss on translation of foreign operations		(390)	(210)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement loss on defined benefit plans	36	(38)	(30)
		(428)	(240)
9 Total comprehensive income for the year attributable to equity holders of the Company (7+8)		2,094	1,828
10 Basic and diluted earnings per equity share [nominal value of share ₹ 10 (March 31, 2018 : ₹ 10)]	30	0.45	0.37
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Venkatraman G S
Chief Financial Officer

Place: Bengaluru, India
Date: May 13, 2019

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

G V Krishnakanth
Company Secretary

Poornima Prabhu
Independent Director
DIN: 03114937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares **	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company							Total
	Reserves and surplus						OCI	
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Treasury Shares	Exchange reserve on consolidation	
As at April 1, 2017	205	24,501	1,780	7	2,836	-	(11,611)	17,718
Add: Profit for the year	-	-	-	-	2,068	-	-	2,068
Less: Other comprehensive income	-	-	-	-	(30)	-	(1,376)	(1,406)
Add: Other comprehensive income - Foreign currency translation reserve gain on liquidation of subsidiary (refer note 29)	-	-	-	-	-	-	1,166	1,166
Add/ (less): On account of repayment of FCCBs *	(205)	-	-	-	205	-	-	-
Add: Additions during the year on account of preferential issue of equity shares **	-	2,204	-	-	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	(5)	-	-	-	(5)
As at March 31, 2018	-	26,705	1,780	2	5,079	-	(11,821)	21,745
Add: Profit for the year	-	-	-	-	2,522	-	-	2,522
Less: Other comprehensive income	-	-	-	-	(38)	-	(390)	(428)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	(645)	-	(645)
Add: Share-based payments (refer note 35)	-	-	-	16	-	-	-	16
As at March 31, 2019	-	26,705	1,780	18	7,563	(645)	(12,211)	23,210

* In the previous year, upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, was transferred to surplus/(deficit) in the consolidated statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the Consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Operating activities		
Profit before tax expense	4,708	3,441
<i>Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:</i>		
Depreciation of property, plant and equipment	427	439
Amortization of intangible assets	56	78
Gain on disposal of property, plant and equipment (net)	(3)	-
Interest income (including fair value changes)	(75)	(54)
Finance costs (including fair value changes)	216	775
Provision for doubtful debts and advances (net of reversal)	459	(32)
Expense on share based payment	16	-
Amortized cost of deposits	59	50
Write-off of deposits	7	-
Foreign currency translation reserve gain on liquidation of subsidiary (exceptional item)	-	(1,166)
Write back of withholding taxes paid earlier	-	(30)
Fair value change in financial instruments	-	(62)
Net foreign exchange differences	(328)	250
Operating profit before working capital changes	5,542	3,689
Working capital adjustments:		
(Increase)/ decrease in loans	(10)	43
(Increase)/ decrease in trade receivables	554	2,943
(Increase)/ decrease in other financial assets	391	(395)
(Increase)/ decrease in other assets	27	488
Increase/ (decrease) in trade payables	(489)	(421)
Increase/ (decrease) in other financial liabilities	1,358	211
Increase/ (decrease) in other current liabilities	(844)	381
Increase/ (decrease) in provisions	(27)	52
	6,502	6,991
Income tax paid (including TDS, net of refund)	(1,044)	(1,626)
Net cash flows from operating activities	5,458	5,365
(B) Investing activities		
Purchase of property, plant and equipment	(235)	(285)
Purchase of intangible assets	-	(2)
Proceeds from sale of property, plant and equipment	11	2
Investment in margin money deposit (net)	(296)	(95)
Purchase of treasury shares by ESOP trust	(645)	-
Interest received	25	31
Net cash flows used in investing activities	(1,140)	(349)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(C) Financing activities		
Repayment of working capital loans (net)	(3,215)	(5,424)
Interest paid	(191)	(1,255)
Preferential issue of equity shares	-	7,713
Repayment of term loans	-	(7,782)
Repayment of borrowings (FCCBs)	-	(2,336)
Net cash flows used in financing activities	(3,406)	(9,084)
(D) Net decrease in cash and cash equivalents (A+B+C)	912	(4,068)
Net foreign exchange difference on cash and cash equivalents	28	(311)
Cash and cash equivalents at the beginning of the year	3,007	7,386
(E) Cash and cash equivalents at year end (refer note 9)	3,947	3,007

Explanatory notes to statement of cash flow

Reconciliation of liabilities from financing activities for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2018	Repayments / proceeds (Net)	Foreign exchange fluctuation	As at March 31, 2019
Loan repayable on demand	3,215	(3,215)	-	-
Total liabilities from financing activities	3,215	(3,215)	-	-

Reconciliation of liabilities from financing activities for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2017	Repayments / proceeds (Net)	Foreign exchange fluctuation	As at March 31, 2018
Foreign currency convertible bonds	2,277	(2,336)	59	-
Term Loans	7,782	(7,782)	-	-
Loan repayable on demand	8,590	(5,424)	49	3,215
Total liabilities from financing activities	18,649	(15,542)	108	3,215

Corporate information and significant accounting policies (refer notes 1 & 2)

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

per Rajeev Kumar
Partner
Membership No.: 213803

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

Place: Bengaluru, India
Date: May 13, 2019



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

1. Corporate information

Subex Limited ("the Company" or "Subex" or "holding company" or "parent company") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre ("ROC") – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/ inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Also, refer note 31 in this regard.

These consolidated financial statements for the year ended March 31, 2019 comprise financial statements of Subex Limited and its subsidiaries (collectively hereafter referred to as "the Group").

These consolidated financial statements for the year ended March 31, 2019 are approved by the Board of Directors on May 13, 2019.

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the subsidiary	Country of incorporation	% of holding and voting power either directly or indirectly through subsidiaries as at	
		March 31, 2019	March 31, 2018
Subex Americas Inc.	Canada	100	100
Subex Inc.	United States of America	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	100	100
Subex (UK) Limited *	United Kingdom	100	100
Subex Middle East, FZE *	United Arab Emirates	100	100
Subex Technologies Limited **	India	100	100
Subex Azure Holdings Inc. **	United States of America	100	100
Subex Assurance LLP ***	India	100	100
Subex Digital LLP ***	India	100	100
Subex Technologies Inc. ^	United States of America	-	-

*In the previous year 2017-18, pursuant to restructuring, the Company has transferred its investment in Subex (UK) Limited and Subex Middle East, FZE to Subex Assurance LLP. Also refer note 31.

**Represents non-operating companies.

***Incorporated/ registered in the previous year.

^ Liquidated in the previous year.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Subex Limited is the sponsoring entity of Employee Stock Option Plan ("ESOP") trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust is controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated. [Refer note 2(p) and note 35]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019 as disclosed in Note 1. Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent, to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in 'Other Equity', in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).
- iv. The ESOP Trust is consolidated in the standalone financial statements of the Company and the shares purchased and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Refer note 2p.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

c. Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Revenue recognition

The Group uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Group to estimate the completed efforts as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 5.

Impairment of financial assets

In accordance with Ind AS 109, the Group assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Group provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(j).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(l).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.

Taxes

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Also refer note 2(s) and note 12, note 21 & note 22.

d. Current/ non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It holds the liability primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

e. Business combination and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

f. Revenue recognition

The Group derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and /or revised accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those products or services.

The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Group, in which case revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined based on completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services, the Group has applied the guidance in Ind AS 115, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as distinct performance obligation. For allocating the consideration, the Group has measured the revenue in respect of each distinct performance obligation of a transaction at its standalone selling price, in accordance with principles given in Ind AS 115. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the standalone selling price of undelivered components of a transaction has been allocated to the delivered components for which specific standalone selling price do not exist.

The Group collects Goods and Service tax and other taxes as applicable in the respective tax jurisdictions where the group operates, on behalf of the government and therefore it is not an economic benefit flowing to the Group. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in other financial assets represent revenues recognized in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized as at the balance sheet date.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revaluations, adjustment for revenue that has not materialized and adjustments for currency. Also, refer note 23.

The application of Ind AS 115 did not have significant impact on the financial statements

Interest

Interest income is recognized as it accrues in the consolidated statement of profit and loss using effective interest rate method.

g. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss, as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the consolidated statement of profit and loss when the assets are derecognized.

h. Intangible assets (excluding goodwill on consolidation)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

i. Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management, basis technical assessment.

The Group has used the following useful lives to provide depreciation on plant and equipment and amortization of intangible assets:

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

j. Impairment

Financial Assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

l. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Financial assets and liabilities are recognised when the Group becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the consolidated statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Consolidated statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) for the period is adjusted for the effects of transactions of a non-cash nature or any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

o. Employee share based payments

The Group measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

p. Treasury shares

The parent Company has formed Subex Employee Welfare and ESOP Benefit Trust (ESOP Trust) for providing share-based payment to its employees. The parent Company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

Own equity instruments that are purchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted with treasury shares.

q. Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds which are defined contribution schemes, are charged to the consolidated statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on projected unit credit method as at the balance sheet date. The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the consolidated statement of profit and loss. As required under Ind AS compliant Schedule III, the Group transfers it immediately to 'Surplus/ (deficit) in the statement of profit loss'.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/ losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

The Group presents the entire compensated absences balance as a current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

r. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the consolidated statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

Effective April 1, 2018, the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

5. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

t. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

u. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2017	1,472	33	12	93	1,610
Additions	267	1	1	16	285
Disposals	(14)	-	-	(2)	(16)
Exchange differences	27	2	-	3	32
As at March 31, 2018	1,752	36	13	110	1,911
Additions	288	9	-	20	317
Disposals	(41)	(2)	(11)	(2)	(56)
Exchange differences	16	-	-	-	16
As at March 31, 2019	2,015	43	2	128	2,188
Depreciation					
As at April 1, 2017	770	12	2	41	825
Charge for the year	410	6	2	21	439
Disposals	(12)	-	-	-	(12)
Exchange differences	3	-	-	-	3
As at March 31, 2018	1,171	18	4	62	1,255
Charge for the year	380	11	2	34	427
Disposals	(39)	(2)	(5)	(2)	(48)
Exchange differences	14	-	-	-	14
As at March 31, 2019	1,526	27	1	94	1,648
Net block					
As at March 31, 2018	581	18	9	48	656
As at March 31, 2019	489	16	1	34	540

4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
Cost		
As at April 1, 2017	223	223
Additions	2	2
Disposals	-	-
Exchange differences	1	1
As at March 31, 2018	226	226
Additions	-	-
Disposals	-	-
Exchange differences	10	10
As at March 31, 2019	236	236
Amortization		
As at April 1, 2017	85	85
Amortization for the year	78	78
Disposals	-	-
Exchange differences	-	-
As at March 31, 2018	163	163
Amortization for the year	56	56
Disposals	-	-
Exchange differences	10	10
As at March 31, 2019	229	229
Net block		
As at March 31, 2018	63	63
As at March 31, 2019	7	7

Note: Refer note 16 for the assets given on security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

5. Goodwill on consolidation

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Carrying value of goodwill	65,882	65,882

As at March 31, 2019, the Group assessed the carrying value of its goodwill along with the carrying value of related CGUs, based on future operational plan, projected cash flows and valuation carried out by an external valuer, which has been approved by the Board of Directors. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2019 is appropriate.

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Revenue Management Solutions ('RMS')	62,156	62,156
Data Integrity Management ('DIM')	3,726	3,726
	65,882	65,882

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by Board of Directors. An average of the range of each assumption used is mentioned below:

	As at March 31, 2019	As at March 31, 2018
Growth rate	5% to 20%	7% to 31%
Operating margins	20% to 36%	24% to 36%
Discount rate	12% to 13%	12% to 14%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows. Management believes that any reasonable possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

6. Loans

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Security deposit	503	439
Total	503	439
Current		
Unsecured, considered good		
Loans to employees	121	134
Total	121	134

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Other bank balances (refer note 9)		
Margin money deposits [refer note 34(b)(iii)]	420	75
	420	75
Current		
Other bank balances (refer note 9)		
Margin money deposits	252	295
	252	295



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

8. Trade receivables

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	10,328	10,636
Total (a)	10,328	10,636
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(1,789)	(1,346)
Total (b)	(1,789)	(1,346)
Net Trade Receivables (a-b)	8,539	9,290

- i) During the year ended March 31, 2019, ₹ 5,170 Lakhs of unbilled revenue as of April 1, 2018 has been converted to trade receivables on billing. Also, refer note 10.
- ii) During the year ended March 31, 2019, the Group has written off bad debts amounting to ₹ 19 Lakhs (March 31, 2018 : ₹ 1,242 Lakhs), from its allowance for doubtful debts.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Balance with banks		
In current accounts	3,376	3,006
In EEFC accounts	158	-
Deposits with original maturity of less than 3 months	412	-
Cash on hand	1	1
A	3,947	3,007
Other balances with banks		
Margin money deposits with remaining maturity for more than 3 months and less than 12 months	252	295
	252	295
Less: Disclosed under Other balances with banks (Current) (refer note 7)	(252)	(295)
B	-	-
(A+B)	3,947	3,007
Non-current		
Other balances with banks		
Margin money deposits	420	75
	420	75
Less: Disclosed under Other balances with banks (Non-current) (refer note 7)	(420)	(75)
	-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue*	4,517	5,247
Advance to employees	12	-
Interest accrued but not due on bank deposits	8	3
	4,537	5,250

*Also, refer note 8

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance income-tax [net of provision for taxation ₹ 687 Lakhs (March 31, 2018: ₹ 688 Lakhs)]	3,039	2,810
	3,039	2,810

12. Deferred tax asset*

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Minimum alternative tax ('MAT') credit entitlement (refer note 22)	425	425
A	425	425
Deferred tax assets (net)		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense	(2,693)	10
Losses available for offsetting against future taxable profits	1,992	40
Provision for employee benefits and others	900	77
B	199	127
(A+B)	624	552

*Also refer note 22

13. Other assets

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	211	270
	478	537



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

13. Other assets (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Balance with statutory/ government authorities	8	-
Advance recoverable in cash or kind		
Prepaid expenses	402	418
Advance to suppliers	23	30
Expenses incurred on behalf of customers	93	96
	526	544

*Balances represents service tax in inadvertently paid by the Group during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

14. Share capital

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up *		
As at April 1, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14(e)]	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200

*includes 243,207 (March 31, 2018: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Group had not declared any dividend during the year ended March 31, 2019 and March 31, 2018.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

14. Share capital (contd.)

- b) Details of shares held by each shareholder [together with Persons Acting in Concert (PAC)] holding more than 5% shares in the Company

Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2019		As at March 31, 2018	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	-	-	27,563,571	4.90
QVT Singapore Fund Pte. Ltd	-	-	27,531,428	4.90

As at March, 31, 2019, there is no individual shareholder or shareholder (together with PAC) holding more than 5% shares of the Company.

- c) Shares reserved for issue under options (No.)

	As at March 31, 2019	As at March 31, 2018
Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP III	6,125	24,055
ESOP - V	11,200,000	-
	11,206,125	24,055

- d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2019	As at March 31, 2018
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.) [In accordance with the terms of FCCBs III, out of the principal face value of US\$ 128 Million (₹ 71,593 Lakhs), an amount of US\$ 36 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012]	-	89,335,462

- e) During the previous year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

- f) Number of treasury shares outstanding

	As at March 31, 2019	As at March 31, 2018
Equity shares held by Subex Employee Welfare and ESOP Benefit Trust (refer note 35)	11,200,000	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Other equity

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Equity component of compound financial instruments		
Balance as per last financial statements	-	205
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	-	(205)
Closing balance	-	-
Securities premium		
Balance as per last financial statements	26,705	24,501
Add: Additions on account of preferential issue of equity shares [Refer note 14(e)]	-	2,204
Closing balance	26,705	26,705
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	2	7
Less: Compensation on ESOP cancelled/lapsed during the year	-	(5)
Add : Share-based payments	16	-
Closing balance	18	2
Surplus / (deficit) in the consolidated statement of profit and loss		
Balance as per last financial statements	5,079	2,836
Add: Profit for the year	2,522	2,068
Add: Transfer from equity component of compound financial instrument*	-	205
Less: OCI - Re-measurement losses on defined benefit obligations	(38)	(30)
Closing balance	7,563	5,079
Exchange reserve on consolidation		
Balance as per last financial statements	(11,821)	(11,611)
Less: Effect of foreign exchange rate variations during the year	(390)	(1,376)
Add: On account of liquidation of foreign subsidiary (refer note 29)	-	1,166
Closing balance	(12,211)	(11,821)
Treasury Shares		
Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust**	(645)	-
Closing Balance	(645)	-

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/ (deficit) in the statement of profit and loss.

**On July 31, 2018, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme - 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust is authorised to purchase shares of the Company through secondary market for issuance to the employees of the Group under ESOP Scheme 2018. Such reacquired shares held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Also refer Note 35 for further details on ESOP scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Summary of other equity:		
Securities premium Securities premium is used to record the premium on issue of shares. The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.	26,705	26,705
General reserve This represents appropriation of profit by the Group.	1,780	1,780
Employee stock options reserve The employee stock option reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to reserves upon exercise of stock options by employees.	18	2
Surplus/ (deficit) in the consolidated statement of profit and loss Surplus/ (deficit) in the statement of profit and loss comprises of the amounts that can be distributed by the Group as dividends to its equity share holders.	7,563	5,079
Exchange reserve on consolidation The exchange differences arising on the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.	(12,211)	(11,821)
Treasury Shares Treasury shares represent own equity shares that are purchased and recognised at cost for the purpose of re-issuing to employees under ESOP scheme.	(645)	-
Total other equity	23,210	21,745

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Loans repayable on demand from banks (Secured)	-	3,215
	-	3,215

Secured loans repayable on demand is secured by primary charge on customer receivables and paripassu first charge on current assets of Subex Assurance LLP ("SA LLP"), and collateral paripassu first charge on the fixed assets of Subex Assurance LLP. Further, the loan is also guaranteed by the Company. Refer note 34(b)(iv).

Loans repayable on demand as at March 31, 2019 consisted of Pre-shipment Credit in Foreign Currency (PCFC) of ₹ Nil (March 31, 2018 ₹ 3,215 Lakhs), which carried an average interest rate of 3.49% (March 31, 2018; 3.27%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

17. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	7	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	827	1,331
	834	1,331

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- For explanations on the Group's liquidity risk management, refer note 40.

*Payable to micro, small and medium enterprises

(₹ in Lakhs)

Description	As at March 31, 2019	As at March 31, 2018
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	7	-
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

18. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Employee related liabilities	2,879	1,511
Capital creditors	82	-
	2,961	1,511

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unearned revenue	1,429	2,086
Statutory dues	1,023	1,144
	2,452	3,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

20. Provisions

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	305	280
	305	280
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	95	89
Leave benefits	534	523
Provision for litigations*	100	100
	729	712

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b)(iii) for further details.

21. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Deferred tax liabilities		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense	1,928	1,693
A	1,928	1,693
Deferred tax assets		
Provision for employee benefits and others	-	65
Losses available for offsetting against future taxable profits	-	802
B	-	867
(A-B)	1,928	826

22. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for tax [net of advance tax ₹ 246 Lakhs (March 31, 2018: ₹ 250 Lakhs)]	442	162
Provision for foreign taxes	426	394
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2018: ₹ 62 Lakhs)] *	162	162
	1,030	718

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b)(i) for further details.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

22. Income tax liabilities (net) (contd.)

Income tax expense in the consolidated statement of profit and loss consist of the following:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Tax expense:		
Current tax (credit)/ charge	274	(171)
Provision - foreign withholding taxes(net) [refer note 22(i)]	885	789
MAT charge	-	53
Deferred tax charge (net) [refer note 22(ii)]	1,027	702
Total tax expense	2,186	1,373

Notes:

- 22(i) Represents provision in respect of withholding taxes deducted/deductible by the overseas customers.
- 22(ii) Deferred tax charge, comprises of deferred tax liability arising on account of tax benefits from amortization of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of restructuring.

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	4,708	3,441
Applicable tax rates in India	34.94%	34.61%
Computed tax charge (A)	1,645	1,191
Components of tax expense:		
Provision for foreign withholding taxes (net)	885	789
Tax effect on differential overseas tax rate	(209)	(242)
Impact of non-taxable income	-	(404)
Non-recognition of deferred tax asset on losses in certain subsidiaries	291	-
Deferred tax assets recognised on certain disallowances pertaining to previous periods	(426)	-
Other adjustments	-	39
Total adjustments (B)	541	182
Total tax expense (A+B)	2,186	1,373

*In the previous year, impact of non-taxable income pertains to tax impact on foreign currency translation reserve amounting to ₹ 1,166 Lakhs, which is credited to the consolidated statement of profit and loss upon completion of liquidation of its subsidiary. Refer note 29.

23. Revenue from operations*

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	3,352	3,193
Sale of services	31,460	29,239
	34,812	32,432
Disaggregation of revenue:		
Revenue by offering		
Sale of license	3,352	3,193
Implementation and customisation	8,309	7,504
Managed services	12,427	10,870
Support services	10,724	10,865
	34,812	32,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

23. Revenue from operations* (contd.)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue by contract type		
Fixed price contract	12,301	10,991
Time and Material Contract	22,511	21,441
	34,812	32,432

*During the year ended March 31, 2019, the Group recognized revenue of ₹ 4,182 Lakhs arising from opening unearned revenue (gross of trade receivables of ₹ 3,034 Lakhs) as of April 1, 2018.

Refer note 32 for disaggregation of revenue by geographical segment.

Remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019, other than those contracts wherein invoicing is on time and material basis is ₹ 7,821 Lakhs. Out of the total remaining performance obligation other than contracts where invoicing is on time and material basis, the Group expects to recognize revenue of around 50% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on:		
Security deposits	45	31
Bank deposits	30	23
Miscellaneous income	23	56
Net gain on disposal of property, plant and equipment	3	-
Write back of withholding taxes paid earlier (refer note 43)	-	30
	101	140

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages *	17,445	15,674
Contribution to provident and other funds	1,129	1,023
Employee share based payments	16	-
Gratuity expense (refer note 36)	98	89
Staff welfare expenses	417	685
	19,105	17,471

*Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 40 Lakhs (March 31, 2018: ₹ 725 Lakhs).

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest		
Foreign currency convertible bonds	-	95
Other borrowings	82	326
Other finance charges	25	21
Bank charges	109	333
	216	775



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	427	439
Amortization of other intangible assets (refer note 4)	56	78
	483	517

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Cost of hardware, software and support charges	389	577
Sub-contract charges	1,829	1,549
Rent	1,922	1,767
Power and fuel	212	210
Repairs and maintenance		
Building	164	128
Others	671	646
Insurance	98	111
Communication costs	274	308
Printing and stationery	28	54
Traveling and conveyance	2,530	2,549
Rates and taxes	134	212
Advertisement and business promotion	536	418
Consultancy charges	900	950
Payments to auditors [refer note 28(i)]	177	201
Sales commission	159	153
Provision for doubtful debts (net of reversal)	459	(32)
Exchange fluctuation loss/ (gain) (net)	(171)	1,650
Directors' sitting fees (refer note 33)	60	77
Contribution towards corporate social responsibility	14	-
Loss on sale of fixed assets (net)	-	2
Miscellaneous expenses	16	4
	10,401	11,534

28 (i). Payments to the auditors *:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Statutory auditors		
As auditor		
Audit fee	104	98
Tax audit fee	2	4
In other capacity		
Other services (certification services)	7	25
Reimbursement of expenses	6	10
	119	137
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	57	62
In other capacity		
Reimbursement of expenses	1	2
	58	64
	177	201

*Payment to auditors is exclusive of goods and services tax/ service tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

29. Exceptional items

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Foreign currency translation reserve gain on liquidation of foreign subsidiary*	-	1,166
	-	1,166

*During the previous year ended March 31, 2018, the Company had completed the liquidation of its subsidiary viz. Subex Technologies Inc., USA and accordingly the balance of foreign currency translation reserve amounting to ₹ 1,166 Lakhs has been credited to the statement of profit and loss

30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2019	Year ended March 31, 2018
Nominal value per equity share (₹ per share)	10	10
Profit attributable to equity shareholders (₹ in Lakhs)	2,522	2,068
Weighted average number of basic equity shares (No. in Lakhs)*	5,577	5,554
Profit per share basic and diluted (₹ per share)**	0.45	0.37

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

**Employee stock options outstanding as at March 31, 2019 and as at March 31, 2018 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

During the previous year, the Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its RMS business and Digital business to its subsidiaries, SA LLP and SD LLP, respectively, subject to shareholders and other requisite approvals. The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

The Group has accounted for the restructuring in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. This being an intra group transaction, has been eliminated in full for the purpose of consolidation, except the impact of taxes as described in note 22(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

32. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

The Group's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Group's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2019	Year ended March 31, 2018
Americas	5,603	5,322
EMEA	21,378	19,076
India	1,808	2,656
APAC and rest of the world	6,023	5,378
	34,812	32,432

*Revenues by geographic area are based on the geographical location of the customer.

Revenue from one customer amounting to ₹ 3,687 Lakhs accounted for more than 10% of the total revenue of the group during the year ended 31st March 2019. During the previous year ended 31st March 2018, no customer individually accounted for more than 10% of the total revenue of the group.

Non-current operating assets by geographical location are as follows**:

(₹ in Lakhs)

Region	Year ended March 31, 2019	Year ended March 31, 2018
India	861	989
Outside India	164	267
Unallocated ***	65,882	65,882
Total non-current operating assets	66,907	67,138

**Non-current operating assets includes Property, plant and equipment, Other intangible assets and Balance with statutory/ government authorities and Prepaid expenses.

***Unallocated represents Goodwill on consolidation. The management is of the view that it is not practically feasible to allocate such goodwill to various regions.

33. Related party transactions

i. Related parties under Ind AS 24 and Companies Act, 2013

Trust that is consolidated

Subex Employee Welfare and ESOP Benefit Trust (w.e.f September 6, 2018)

Key management personnel of the Company

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f April 1, 2018)
	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
	Designated partner of Subex Assurance LLP (w.e.f. April 5, 2017)
	Designated partner of Subex Digital LLP (w.e.f. April 5, 2017)
	Employee of Subex Assurance LLP (w.e.f. November 1, 2017)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

33. Related party transactions (contd.)

Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018) Designated partner of Subex Assurance LLP (w.e.f. November 15, 2018) Designated partner of Subex Digital LLP (w.e.f. November 15, 2018)
G V Krishnakanth	Company Secretary (w.e.f. July 10, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017) Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017 to November 30, 2018)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

ii. Transactions with the trust (₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Loan given to Subex Employee Welfare and ESOP Benefit Trust*	645	-
	645	-

iii. Details of transactions with key management personnel (₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salary and perquisites:**		
Vinod Kumar Padmanabhan (includes remuneration from Subex Assurance LLP)***	176	54
Venkatraman G S***	31	-
G V Krishnakanth***	24	-
Mehernaz Dalal	63	44
Ashwin Chalapathy	-	45
Surjeet Singh	-	586
Ganesh KV	-	37
	294	766
Director sitting fees		
Anil Singhvi	24	28
Nisha Dutt	14	22
Poornima Prabhu	18	23
	56	73

*Loan given to Subex Employee Welfare and ESOP Benefit Trust has been reduced from other equity. Also refer note 15.

** The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Group as a whole.

*** During the year, the Company has granted 25 lakhs ESOPs to key management personnel under ESOP 2018 scheme, which includes options granted to designated partner/ employee of Subex Assurance LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities

a) Commitments

Operating leases

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ 7 Lakhs (March 31, 2018: ₹ 64 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Within one year	-	5
After one year but not more than five years	-	-
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases amounted to ₹ 1,915 Lakhs (March 31, 2018: ₹ 1,703 Lakhs).

b) Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Income tax demands [refer note (i)]	15,254	16,995
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Bank guarantees (furnished to customers)	373	321
Corporate guarantee issued by Subex Limited [refer note (iv)]	4,500	8,250

i. Income tax

- The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2015, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.
- One of the subsidiary, Subex Technologies Limited, had received demand orders in relation to disallowance of subcontracting charges on non-deduction of withholding taxes pertaining to financial year ended March 31, 2008, amounting to ₹ 308,806.34 thousands under section 143(3) of Income Tax Act, 1961 and ₹ 121,408.42 thousands under section 201(1) of Income Tax Act, 1961. In the matter relating to demand u/s 143(3) of Income Tax Act, 1961, the Company had received a favourable decision from the Honorable Income Tax Appellate Tribunal in the financial year 2016-17. Subsequently, the Department of Income Tax has filed an appeal in this regard with the Honorable High Court. The matter relating to section 201(1) of Income Tax Act, 1961 is stayed in the interim by the Honorable High Court pending the hearing in respect of the matter. Based on the opinion received from the external consultants, the management is of the view that, these expenses are deductible from taxable income, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account in respect of these tax demands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities (contd.)

ii. Service tax

The Group has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Company had received certain claims from two of its ex-directors for an amount of ₹ 1,293 Lakhs. The Company disputed the same as these claims are not tenable. During the current year, in respect of arbitration concerning to one of the ex-directors, the Honorable Tribunal has passed an Award directing the Company to pay a sum of ₹ 696 lakhs (including interest). The Company has filed an application before the Honorable City Civil Court, Bengaluru to set aside the Award and has also sought an interim stay in this regard. The Honorable City Civil Court, Bengaluru passed an interim order staying the Award passed by the Honorable Tribunal until disposal of the arbitral suit, subject to Company depositing a 60% bank guarantee of the award amount. The Company has deposited a bank guarantee for an amount of ₹ 418 Lakhs i.e., 60% of the award amount. During the current year, in respect of the arbitration proceedings concerning to the other ex-director, the Honorable Tribunal passed an Award directing the company to pay a sum of ₹ 770 lakhs. The Company filed a challenge application before the Honorable City Civil Court, Bengaluru to set aside the Arbitral Award which is pending. Since it is uncertain in both the matters if and what relief the Honorable City Civil Court, Bengaluru will grant, the management, basis opinion obtained from its legal counsel, is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Group has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2018: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2018: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2018: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

The Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 4,500 lakhs (March 31, 2018: ₹ 8,250 Lakhs) for the purpose of availing of working capital loan facilities by the said subsidiary.

v. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 34(a).

35. Employee stock options plans ('ESOPs')

The Group during the years 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

The Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved "Subex Employees Stock Option Scheme - 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

35. Employee stock options plans ('ESOPs') (contd.)

2018 and is authorised to acquire upto 5% of the outstanding share capital of the Company as on March 31, 2018 through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Subsequently, the Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 1,06,50,000 options effective from February 05, 2019 to the eligible employees at ₹ 6/- each per share. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

Employees stock options details as on the balance sheet date are:

Particulars	2018-19		2017-18	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Granted during the year				
ESOP – V	10,650,000	6.00	-	-
Cancelled, surrendered or lapsed during the year				
ESOP – III	17,930	19.78	68,313	24.67
ESOP – IV	-	-	28,301	28.44
ESOP – V	-	-	-	-
Options outstanding at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	10,650,000	6.00	-	-
Options exercisable at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	-	-	-	-

Details of weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2018-19	2017-18	2018-19	2017-18
ESOP – III	0.46	1.26	10.26 - 24.99	10.26 - 54.83
ESOP – V	3.35	-	6.00	-

*considering vesting and exercise period

Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value is as below:

Particulars	March 31, 2019
Risk-free interest rate	6.90%
Expected volatility of share	50.00%
Expected life(years)	2
Weighted average fair value as on grant date (₹)	1.46

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans

a) Provident fund

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 1,098 Lakhs (March 31, 2018: ₹ 1,024 Lakhs) towards Provident Fund and Pension Fund contributions (including 401K contribution).

b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
a. Change in defined benefit obligation		
Obligations at beginning of the year	573	484
Service cost	98	89
Interest cost	40	31
Benefits settled	(102)	(64)
Actuarial loss (through OCI)	40	32
Currency translation adjustment	2	1
Obligations at end of the year	651	573
b. Change in plan assets		
Plan assets at beginning of the year, at fair value	204	144
Expected return on plan assets	15	10
Actuarial gain (through OCI)	2	2
Contributions	132	110
Benefits settled	(102)	(62)
Plan assets at the end of the year	251	204
Present value of defined benefit obligation at the end of the year	(651)	(573)
Fair value of plan assets at the end of the year	251	204
c. Net liability recognised in the consolidated balance sheet	(400)	(369)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
d. Expenses recognised in the consolidated statement of profit and loss:		
Service cost	98	89
Interest cost (net)	25	21
Net gratuity cost	123	110
e. Re-measurement gains/ (losses) in OCI		
Actuarial loss due to financial assumption changes	7	(16)
Actuarial gain due to experience adjustments	33	48
Actuarial loss - return on plan assets greater than discount rate	(2)	(2)
Total expenses recognised through OCI	38	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans (contd.)

	Year ended March 31, 2019	Year ended March 31, 2018
f. Assumptions		
Discount rate	6.70%	7.60%
Expected return on plan assets	7.60%	7.00%
Salary escalation*	7.30%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2006-08)

g. Five years pay-outs	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Year 1	95	89
Year 2	96	82
Year 3	88	78
Year 4	85	73
Year 5	76	68
After 5 th Year	500	458

*The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
h. Contribution likely to be made for the next one year	95	89

i. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100%	100%

j. Sensitivity analysis	(₹ in Lakhs)			
Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(13)	15	(12)	13
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	26	(23)	23	(22)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(12)	15	(12)	13

k. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2018: 6 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

37. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

(a) Contribution of net assets/ (liability) in the consolidated financial statements:

As at and for the year ended March 31, 2019

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	51%	71,149	46%	(2,453)	1%	(3)	43%	(2,456)
Indian subsidiaries								
Subex Technologies Limited	-	22	-	(3)	-	-	-	(3)
Subex Assurance LLP	44%	61,488	(5%)	281	5%	(20)	(4%)	261
Subex Digital LLP	(1%)	(474)	33%	(1,744)	2%	(10)	31%	(1,754)
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	1%	815	-	19	(4%)	16	(1%)	35
Subex (UK) Ltd.	3%	3,793	31%	(1,660)	38%	(164)	32%	(1,824)
Subex Americas Inc.	4%	5,147	(2%)	96	15%	(64)	(1%)	32
Subex Inc.,	(2%)	(3,049)	(2%)	118	43%	(182)	1%	(64)
Subex Middle East	-	119	(1%)	61	-	(1)	(1%)	60
Total	100%	1,39,010	100%	(5,285)	100%	(428)	100%	(5,713)
Adjustments arising out of consolidation		(59,600)		7,807		-		7,807
Total		79,410		2,522		(428)		2,094

As at and for the year ended March 31, 2018

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	49%	74,234	1%	32	(1%)	(8)	-	24
Indian subsidiaries								
Subex Technologies Limited	-	25	-	(4)	-	-	-	(4)
Subex Assurance LLP	41%	62,262	14%	710	(1%)	(12)	12%	698
Subex Digital LLP	1%	1,279	(12%)	(586)	-	(4)	(10%)	(590)
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	1%	780	(13%)	(655)	(19%)	(179)	(14%)	(834)
Subex (UK) Ltd.	7%	10,098	(16%)	(826)	127%	1,185	6%	359
Subex Americas Inc.	3%	5,115	124%	6,264	(4%)	(37)	105%	6,227
Subex Inc.,	(2%)	(2,983)	2%	87	(2%)	(20)	1%	67
Subex Middle East	-	59	-	(14)	-	1	-	(13)
Total	100%	1,50,869	100%	5,008	100%	926	100%	5,934
Adjustments arising out of consolidation		(72,924)		(2,940)		(1,166)		(4,106)
Total		77,945		2,068		(240)		1,828



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

38. Capital management

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Total equity attributable to the share holders of the Company	79,410	77,945
B. Total borrowings	-	3,215
C. Total capital (A+B)	79,410	81,160
D. Total loans and borrowings as a percentage of total capital (B/C)	-	4%
E. Total equity as a percentage of total capital (A/C)	100%	96%

In order to achieve the aforesaid objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any borrowing in the current year.

39. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	8	3
Trade receivables*	8,539	9,290
Unbilled revenue*	4,517	5,247
Security deposits^	503	439
Loans and advances to employees*	133	134
	13,700	15,113
Cash and cash equivalents and other balances with banks		
Cash on hand	1	1
Balance with banks	3,946	3,006
Margin money deposits	672	370
	4,619	3,377
Financial liabilities measured at amortized cost		
Employee related liabilities*	2,879	1,511
Trade payables*	834	1,331
Capital creditors*	82	-
Borrowings^	-	3,215
	3,795	6,057

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

^During the previous year, the fair value of these accounts were calculated based on cash flow discounted using a lending/ borrowing rate, they were classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

40. Financial risk management

The Group's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i. Credit risk:

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

b. Credit risk exposure

The Group's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Group is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	8,539	9,290
Unbilled revenue	4,517	5,247
Total	13,056	14,537

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates for the period the Group was holding the debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Change in interest rate	Effect of profit before exceptional items and tax expense	Change in interest rate	Effect of profit before exceptional items and tax expense
Working capital loans	+1%	(23)	+1%	(60)
	-1%	23	-1%	60



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

40. Financial risk management (contd.)

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	3,947	3,007
Other balances with banks	254	370
	4,201	3,377

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
As at March 31, 2019					
Trade payables	128	706	-	-	834
Other financial liabilities	-	2,961	-	-	2,961
	128	3,667	-	-	3,795
As at March 31, 2018					
Trade payables	251	983	95	3	1,331
Borrowings	-	3,215	-	-	3,215
Other financial liabilities	-	1,511	-	-	1,511
	251	5,709	95	3	6,057

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

As at March 31, 2019

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	5,128	-	1,407	1,118	7,653
Cash and cash equivalents and other bank balances	1,145	-	354	229	1,729
Other financial assets	2,250	-	271	691	3,212
Total financial assets	8,523	-	2,032	2,038	12,594
Financial liabilities					
Other financial liabilities	290	3	277	551	1,121
Total financial liabilities	290	3	277	551	1,121
Net financial assets/ (liabilities)	8,233	(3)	1,755	1,487	11,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

40. Financial risk management (contd.)

As at March 31, 2018

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	5,482	-	1,507	842	7,831
Cash and cash equivalents and other bank balances	334	-	54	121	509
Other financial assets	1,109	-	150	181	1,440
Total financial assets	6,925	-	1,711	1,144	9,780
Financial liabilities					
Borrowings	837	793	840	745	3,215
Other financial liabilities	1,306	1	(92)	(160)	1,055
Total financial liabilities	2,143	794	748	585	4,270
Net financial assets/ (liabilities)	4,782	(794)	963	559	5,510

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.33% (March 31, 2018, 0.17%).

41. Standards issued but not yet effective

Ind AS 116 - Leases:

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Ind AS 12 - Appendix C - Uncertainty over Income Tax treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 : Employee benefits:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

41. Standards issued but not yet effective (contd.)

Amendment to Ind AS 12 – Income Taxes:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Group is evaluating the effect of the aforementioned on its consolidated financial statements.

42. As per section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. During the year ended March 31, 2019, the Company has voluntarily incurred an expense of ₹ 14 lakhs (March 31, 2018: ₹ Nil) towards CSR activities.

Amount spent during the year ended March 31, 2019:

(₹ in Lakhs)

	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	14	-	14

43. During the previous year, the Group had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due was considered no longer payable and the management basis expert advice, was of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, were recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group adjusted withholding taxes of ₹ Nil (March 31, 2018: ₹ 30 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.
44. The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2019 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Venkatraman G S
Chief Financial Officer

Place: Bengaluru, India
Date: May 13, 2019

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

G V Krishnakanth
Company Secretary

Poornima Prabhu
Independent Director
DIN: 03114937

“SHAREHOLDERS’ INFORMATION”

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE 25TH ANNUAL GENERAL MEETING (AGM)

Date : July 04, 2019

Venue : The “Grand Ball Room”, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001

Time : 02:00 P.M

DATES OF BOOK CLOSURE

From June 28, 2019 to July 04, 2019 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year 2019-20 : April 01, 2019 to March 31, 2020

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2019	– 4th week of July 2019
For quarter ending September 30, 2019	– 2nd week of November 2019
For quarter ending December 31, 2019	– 2nd week of February 2020
For the year ending March 31, 2020	– 4th week of May 2020

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2018-19.

LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 05, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2018-19 in accordance with the provisions of the SEBI (LODR) Regulations, 2015

The 2,43,207 Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 09, 2007.

The stock codes of the Company at the Stock Exchanges are as follows:

Name and address of the Stock Exchange	Stock code
National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East), Mumbai- 400051	SUBEX
BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400001	532348
London Stock Exchange 10 Paternoster Square London, EC4M 7LS	SUBX

The International Securities Identification Number (ISIN) for the Company’s Equity Shares in dematerialized form is INE754A01014.

CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 01, 2005. The said circular has been partially modified vide SEBI’s Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2018-19 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2018.



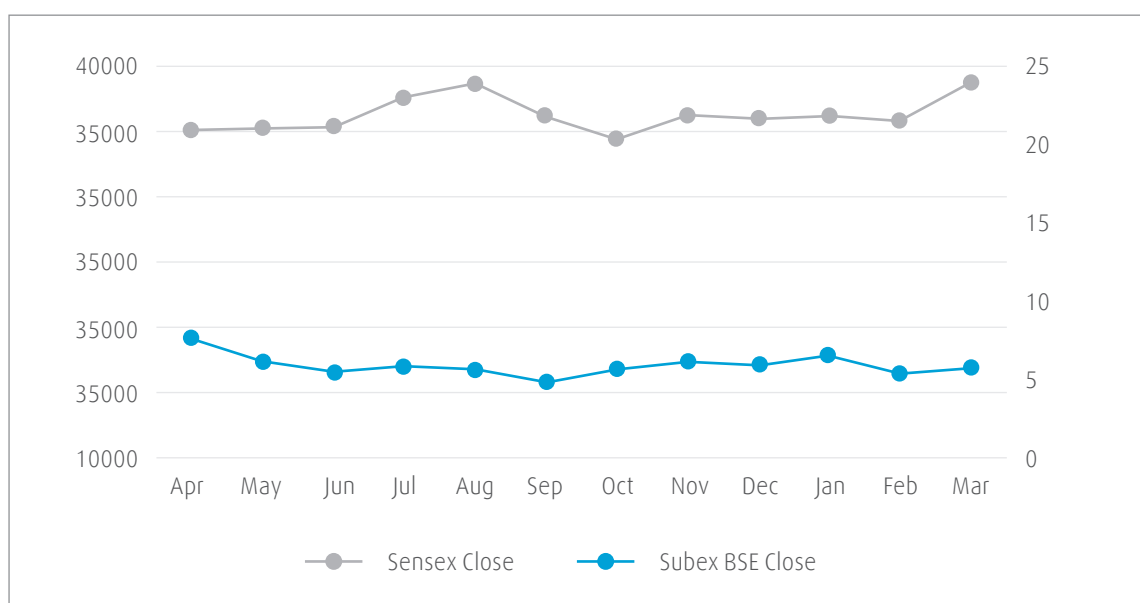
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

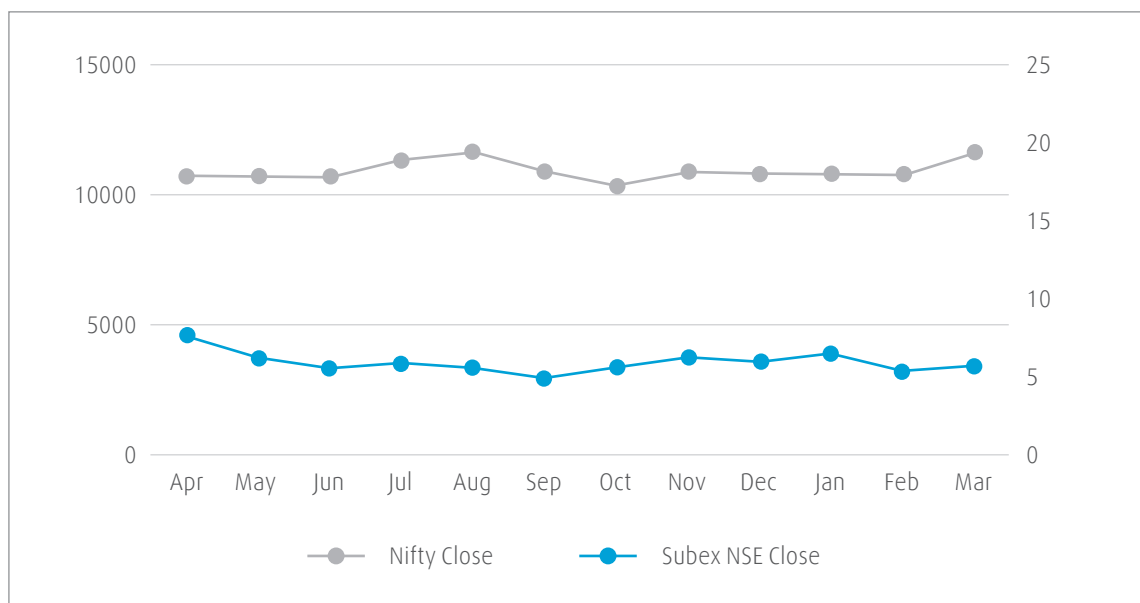
Monthly high and low quotes during each month in the financial year 2018-19 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE			BSE		
	High Price	Low Price	Number of shares traded	High Price	Low Price	Number of share straded
Apr-18	8.55	7.15	4,04,02,184	8.55	7.18	1,60,40,207
May-18	8.05	6.05	4,21,45,469	8.04	6.06	99,37,951
Jun-18	7.15	5.20	4,38,87,174	7.10	5.15	94,47,126
Jul-18	6.90	4.95	7,79,43,178	6.87	4.96	1,29,94,679
Aug-18	6.35	5.15	6,33,08,629	6.40	5.16	81,03,850
Sep-18	6.05	4.35	3,44,14,487	6.07	4.40	49,93,364
Oct-18	6.40	4.80	3,55,04,280	6.40	4.77	63,20,946
Nov-18	6.30	5.45	1,99,49,744	6.31	5.41	44,51,994
Dec-18	6.30	5.65	1,29,25,362	6.35	5.69	36,47,845
Jan-19	8.00	5.60	4,06,60,806	8.01	5.60	1,90,97,579
Feb-19	6.45	5.20	1,75,97,320	6.49	5.07	62,41,848
Mar-19	6.70	5.40	2,97,23,517	6.69	5.45	1,12,03,928

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX

Month	BSE Sensex	Nifty 50
Apr	35,160.36	10,739.35
May	35,322.38	10,736.15
Jun	35,423.48	10,714.30
Jul	37,606.58	11,356.50
Aug	38,645.07	11,680.50
Sep	36,227.14	10,930.45
Oct	34,442.05	10,386.60
Nov	36,194.30	10,876.75
Dec	36,068.33	10,862.55
Jan	36,256.69	10,830.95
Feb	35,867.44	10,792.50
Mar	38,672.91	11,623.90





CREDIT RATING

The India Ratings and Research organisation (Ind-Ra) in their letter dated July 26, 2018 confirmed that the company's credit rating remained unchanged at IND A-.

Instrument wise rating actions are mentioned below:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based limits	INR 956 (reduced from INR 1,148)	WD	Affirmed and withdrawn (paid in full)
Non-fund based limits	INR180	WD	Affirmed and withdrawn (paid in full)

SHAREHOLDING PATTERN

(As per records of the RTA) *

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2019		As on March 31, 2018	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	54,503	50.51	57,792	50.73
5001 – 10000	18,334	16.99	19,670	17.27
10001 – 20000	12,193	11.30	12,783	11.22
20001 – 30000	5,358	4.97	5,572	4.89
30001 – 40000	2,644	2.45	2,681	2.35
40001 – 50000	3,898	3.61	4,091	3.59
50001 – 100000	5,221	4.84	5,481	4.81
100001 and above	5,759	5.33	5,841	5.14
TOTAL	1,07,910	100	1,13,911	100

Categories of Shareholders:

Category	As on March 31, 2019			As on March 31, 2018		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Other (includes GDR's and Foreign Corporate Bodies)	106,761	79.28	445,538,458	112,577	78.66	442,070,413
Companies/ Indian Bodies Corporate	1,067	20.48	115,135,975	1,292	21.07	118,398,079
Promoter & Promoter Group	2	0.09	474,044	3	0.17	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	80	0.15	854,458	39	0.10	560,399
FII	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	107,910	100	562,002,935	113,911	100	562,002,935

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computers Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form vide a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI vide its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor,
No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram,
Bengaluru - 560 003

Tel Nos. +91 80-23469664/65

Fax Nos. +91 80-23469667/68

E-mail: canbankrta@ccsl.co.in

Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2019, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2019, the outstanding GDRs were 2,43,207. There are no outstanding convertible instruments in the company.

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature.

NOMINATION

Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH 13 (in duplicate), if not already filed. Form SH 13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2018 to March 31, 2019 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through E-mails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through E-mails or telephone)	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/ annual report	3	3
Letters from NSDL, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	1	1
Total	4	4

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. G V Krishnakanth
 Company Secretary & Compliance Officer
 Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli,
 Bengaluru – 560 103, India.
 Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333
 Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the committees, financial results, shareholding pattern, distribution of shareholding, dividend etc.



INDIA

Subex Limited
(CIN: L85110KA1994PLC016663)
Regd. office: RMZ Ecoworld,
Devarabisanahalli, Outer Ring Road
Bengaluru - 560103, India
Tel: +91 80 6659 8700
Fax: +91 80 6696 3333

USA

Subex Inc.
12303 Airport Way, Bldg. 1,
Suite. 390, Broomfield, CO 80021
Tel: +1 303 301 6200
Fax: +1 303 301 6201

UK

Subex (UK) Limited
1st Floor, Rama Apartment,
17 St Ann's Road, Harrow,
Middlesex, HA1 1JU
Tel: +44 0207 8265300
Fax: +44 0207 8265352

Singapore

**Subex (Asia Pacific)
Pte Limited**
175A Bencoolen Street
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Tel: +65 6338 1218
Fax: +65 6338 1216

Middle East

Subex Middle East (FZE)
Executive Desk Q1-04-098/B,
P.O. Box: 513156,
Sharjah Airport International
Free Zone, Sharjah, UAE

Canada

Subex Americas Inc.
C/O BDO Canada LLP,
5494, Manotick Main Street
Box. 918, Manotick, Ontario
Canada, K4M1A8

Regional offices:
Dubai | Ipswich