

INDEPENDENT AUDITOR'S REPORT

To the Partners of Subex Assurance LLP

Opinion

We have audited the accompanying Statement of Accounts of Subex Assurance LLP ("the LLP"), which comprise the Statement of Assets and Liabilities as at March 31 2019, the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and notes to the Statement of Accounts, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement of Accounts give the information required by the Limited Liability Partnership Act, 2008, as amended ("the Act") read with the Limited Liability Partnership Rules, 2009 (as amended) ("the Rules") 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 LLP as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Statement of Accounts in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Statement of Accounts' section of our report. We are independent of the LLP in accordance with the 'Code of Ethics' issued by the ICAI together with the ethical requirements that are relevant to our audit of the Statement of Accounts, 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 Statement of Accounts.

Responsibilities of Management for the Financial Statements

The Management of the LLP is responsible for the preparation of these Statement of Accounts that give a true and fair view of the financial position, financial performance and cash flows of the LLP in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI and the requirements of the Act read with the Rules. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the design, implementation and maintenance of internal control, relevant to the preparation of the Statement of Accounts that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement of Accounts, management is responsible for assessing the LLP'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 LLP or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the LLP's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Statement of Accounts 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 Statement of Accounts.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 Statement of Accounts, 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, but not for the purpose of expressing an opinion on the effectiveness of the LLP's internal control.
- ▶ 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 LLP'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 Statement of Accounts 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 LLP to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Statement of Accounts, including the disclosures, and whether the Statement of Accounts 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.

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: June 12, 2019

Subex Assurance LLP
Statement of accounts
Statement of assets and liabilities as at March 31, 2019

		(₹ in Lakhs)	
	Notes	As at March 31, 2019	As at March 31, 2018 [refer note 1(a)]
Contribution and liabilities			
Partners' funds			
Partners' Capital Account	3	61,564	61,564
Partners' Current Account	3	(235)	635
		61,329	62,199
Non-current liabilities			
Long-term provisions	7	191	192
Deferred tax liability (net)	4	-	262
		191	454
Current liabilities			
Short-term borrowings	5	-	3,215
Trade payables	6	6,553	8,042
Other current liabilities	6	2,119	2,273
Short-term provisions	7	428	350
		9,100	13,880
		70,620	76,533
Total			
Assets			
Non-current assets			
Property, plant and equipment	8	330	355
Intangible assets	9	33,231	37,184
Non-current investments	10	21,476	21,476
Long-term loans and advances	13	2,211	625
Deferred tax assets (net)	4	47	-
Other non-current assets	14	-	62
		57,295	59,702
Current assets			
Trade receivables	11	11,205	12,227
Cash and bank balances	12	718	1,324
Short-term loans and advances	13	357	283
Other current assets	14	1,045	2,997
		13,325	16,831
		70,620	76,533
Total			

Entity information and significant accounting policies
The accompanying notes are an integral part of the statement of accounts.

1 & 2

As per our report of even date

For S.R Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

Rajeev Kumar
per Rajeev Kumar
Partner
Membership No.: 213803



Place: Bengaluru
Date: June 12, 2019

For and on behalf of Subex Assurance LLP

Vinod Kumar Padmanabhan
Vinod Kumar Padmanabhan
Designated partner

Place: Bengaluru
Date: June 12, 2019

Venkatraman G S
Venkatraman G S
Designated partner

Place: Bengaluru
Date: June 12, 2019



Subex Assurance LLP**Statement of accounts****Statement of income and expenditure for the year ended March 31, 2019**

	Notes	(₹ in Lakhs)	
		Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018 [refer note 1(a)]
1 Income			
Revenue from operations	15	30,133	12,813
Other income	16	11	5
Total income		30,144	12,818
2 Expenses			
Employee benefits expense	17	9,858	3,875
Finance costs	18	120	148
Depreciation and amortization expense	19	4,176	1,697
Other expenses	20	15,635	5,973
Total expenses		29,789	11,693
3 Profit before tax expense (1-2)		355	1,125
4 Tax expense			
Current tax		-	-
Provision - foreign withholding taxes (refer note 26)		499	228
Deferred tax charge (credit)/ charge (refer note 4)		(309)	262
Total tax expense		190	490
5 Profit after tax expense (3-4)		165	635

Entity information and significant accounting policies 1 & 2
The accompanying notes are an integral part of the statement of accounts.

As per our report of even date

For S.R Batliboi & Associates LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants

Rajeev Kumar
per **Rajeev Kumar**
Partner
Membership No.: 213803



Place: Bengaluru
Date: June 12, 2019

For and on behalf of Subex Assurance LLP

Vinod Kumar Padmanabhan

Vinod Kumar Padmanabhan
Designated partner

Place: Bengaluru
Date: June 12, 2019

Venkatraman G S

Venkatraman G S
Designated partner

Place: Bengaluru
Date: June 12, 2019



Subex Assurance LLP
Statement of accounts
Statement of cash flows for the year ended March 31, 2019

	(₹ in Lakhs)	
	Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018 [refer note 1(a)]
A Operating activities		
Profit before tax expense	355	1,125
Adjustments to reconcile profit before tax expense to net cash flows:		
Depreciation and amortization	4,176	1,697
(Gain)/ Loss on disposal of property, plant and equipment (net)	(3)	1
Interest on bank deposit	(3)	(2)
Finance costs	120	148
Provision for doubtful debts (net)	251	(311)
Net foreign exchange differences	(72)	(19)
Operating profit before working capital changes	4,824	2,639
Working capital adjustments:		
(Increase)/ decrease in loans and advances	(81)	34
(Increase)/ decrease in trade receivables	1,111	2,664
(Increase)/ decrease in other assets	2,094	(885)
Increase/ (decrease) in trade payables	(1,875)	(2,305)
Increase/ (decrease) in other current liabilities	(192)	736
Increase/ (decrease) in provisions	9	12
Income tax paid (including TDS)	5,890	2,895
Net cash flows from operating activities	(642)	(113)
	5,248	2,782
B Investing activities		
Purchase of property, plant and equipment	(161)	(76)
Proceeds from sale of fixed assets	4	-
Movement in deposits (net)	62	(25)
Interest received	4	3
Drawings by the partner	(1,035)	-
Loan to related parties	(1,372)	-
Net cash flows from/ (used in) in investing activities	(2,498)	(98)
C Financing activities		
Movement in working capital loans (net)	(3,215)	(2,249)
Interest paid (including bank charges)	(120)	(148)
Cash transferred (including margin money) pursuant to restructuring [refer note 1(b)]	-	1,037
Net cash flows used in financing activities	(3,335)	(1,360)
D Net increase in cash and cash equivalents (A+B+C)	(585)	1,324
Net foreign exchange difference	(21)	-
Cash and cash equivalents at the beginning of the year	1,324	-
E Cash and cash equivalents at year end	718	1,324
Components of cash and cash equivalents		
Balance with banks:		
in current account	560	1,324
in EEFC accounts	158	-
Total cash and cash equivalents (note 12)	718	1,324

Entity information and significant accounting policies
The accompanying notes are an integral part of the statement of accounts.

1 & 2

As per our report of even date

For S.R Batliboi & Associates LLP
ICAI Firm Registration Number:101049W/E300004
Chartered Accountants

Rajeev Kumar
per Rajeev Kumar
Partner
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Place: Bengaluru
Date: June 12, 2019

For and on behalf of Subex Assurance LLP

Vinod Kumar Padmanabhan
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Place: Bengaluru
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Designated partner

Place: Bengaluru
Date: June 12, 2019



Subex Assurance LLP**Notes to statement of accounts for the year ended March 31, 2019****1. Entity information****a. About the LLP**

Subex Assurance LLP ("the Entity" or the "LLP") is a subsidiary of Subex Limited ("the Parent Company"), registered as a limited liability partnership under the Limited Liability Partnership Act 2008. The LLP is engaged in providing Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry. Previous year was the first year of the LLP and its operations commenced pursuant to Restructuring effective November 1, 2017 as detailed below in note 1(b). Accordingly, the current year figures are not comparable with the previous year figures.

b. Capital Contribution

Effective November 1, 2017, the Parent Company had restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") to the LLP and the Subex Secure and Analytics solutions and related businesses ("Digital business") to the newly incorporated fellow subsidiary of the LLP, Subex Digital LLP ("SD LLP") in form of Capital Contribution (hereinafter referred to as "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 Parent 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 Parent Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of the LLP and SDLLP and the entire economic interest as well as control and ownership of the RMS and Digital Businesses remains with the Parent Company.

The Board of Directors of the Parent Company in its meeting held on August 21, 2017 approved the aforesaid restructuring, 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 Parent Company in its meeting held on October 04, 2017 approved November 01, 2017 to be the effective date of Restructuring.

Pursuant to the aforesaid Restructuring of the Parent Company, effective November 01, 2017, the LLP had received the RMS business from its Parent Company, in form of Capital Contribution of ₹ 61,564 Lakhs.

The LLP had accounted the assets and liabilities of RMS business [including interest in the equity shares of Subex (UK) Limited, UK and Subex Middle East (FZE), UAE] received from the Parent Company, at their individual fair values, determined on the basis of Purchase Price Allocation performed by an external valuer. Purchase price allocation as at November 01, 2017 was as follows:

		(₹ in lakhs)
Partner's Capital Contribution	A	61,564
<u>Purchase price allocation</u>		
Assets:		
Property, plant and equipment		356
Computer software		57
Loans and advances		909
Trade receivables		14,580
Cash and bank balances (including margin money)		1,037
Other current assets		2,151
Interest in equity shares of:		
Investment in Subex (UK) Ltd.		21,443
Investment in Subex Middle East (FZE)		33
Identifiable intangible assets:		
Development technology		27,753
Customer contracts		70
	B	68,389
Liabilities:		
Provisions		383
Borrowings		5,483
Trade payables		10,347
Other current liabilities		1,537
	C	17,750
Goodwill (residual)	(A-B+C)	10,925



2. Significant accounting policies

a. Basis of preparation

The statement of accounts of the LLP have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) . The LLP has prepared these statement of accounts to comply in all material respects with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of Limited Liability Partnership Act, 2008. The statement of accounts have been prepared on an accrual basis and under the historical cost convention except for assets and liabilities of RMS business received as capital contribution from the Parent Company, also refer note 1(b), which have been accounted at their individual fair values.

These statement of accounts are presented in INR " ₹ " and all the values are rounded off to the nearest lakhs (INR 00,000).

b. Use of estimates

The preparation of the statement of accounts in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

c. Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. 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 LLP, in which cases 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 Goods and Service tax and others applicable taxes and discounts.

Revenue from group companies is recognised on the basis of transfer pricing arrangement.

The LLP collects Goods and Service tax and others taxes as applicable in the respective tax jurisdictions where the LLP operates on behalf of the government and therefore it is not an economic benefit flowing to the LLP. 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 current assets represent revenues in excess of amounts billed to clients as at the statement of assets and liabilities date. 'Unearned revenue' included in the current liabilities represent billings in excess of revenues recognized.

d. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any, except for the Property, plant and equipment received as capital contribution from the Parent Company which was recorded at fair value, also refer note 1(b). The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the LLP 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 statement of income and expenditure as incurred. .



Subex Assurance LLP**Notes to statement of accounts for the year ended March 31, 2019**

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income and expenditure when the asset is derecognized.

The LLP identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of income and expenditure.

e. Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The LLP has used the following useful lives to provide depreciation on its property plant and equipment:

Assets	Useful lives
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipments	5 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.

f. Intangible assets

Intangible assets are measured at cost on initial recognition except for intangibles assets received as capital contribution from the Parent Company or identified in purchase price allocation [also, refer note 1(b)] were recorded at fair value. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of income and expenditure in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The LLP uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the LLP amortizes the intangible assets over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of income and expenditure when the asset is derecognized.

A summary of amortisation policies applied to the LLP's intangible assets is as below:

Assets	Useful lives
Computer software	4 years
Goodwill	10 years
Customer Contracts	Over the contract period
Development Technology	10 years

The management has estimated the useful life of aforesaid intangibles, supported by independent assessment by external valuers.



g. Leases

Assets leased by the LLP in its capacity as lessee where substantially all the risks and rewards of ownership vest in the LLP are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value of leased asset and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to achieve a constant periodic rate of interest on the outstanding liability for each year. Finance charges are recognised as finance costs in the statement of income and expenditure. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the LLP will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of income and expenditure on a straight line basis over the lease term.

h. Impairment

The LLP assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LLP estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The LLP bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the LLP's cash-generating unit to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

The impairment loss is recognised as an expense in the statement of income and expenditure.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

i. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

(i) Defined contribution plans:

The LLP's contribution to provident fund scheme is considered as defined contribution plan and is charged as an expense as and when services are rendered by the employees. These contributions are paid/payable in accordance with the applicable laws and regulations.

(ii) Defined benefit plans:

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the statement of income and expenditure in the period in which they occur.

(iii) 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 LLP 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.



(iv) 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 income and expenditure and are not deferred.

The LLP presents the entire compensated absences balance as a current liability in the statement of assets and liabilities, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

j. Foreign currency transactions and translation

Initial recognition:

Transactions in foreign currencies entered into by the LLP are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Conversion:

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences:

The LLP accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the LLP's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

k. Investments

Pursuant to restructuring, interest in equity shares of subsidiaries received in form of Capital Contribution were recorded at fair value. Also, refer note 1(b).

Except for the above, Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the statement of accounts at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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



l. Taxes on income

Tax expense comprises current and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws prevailing in the respective tax jurisdictions where the LLP operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of income and expenditure.

Alternate Minimum Tax (AMT) paid in a year is charged to the statement of income and expenditure as current tax. AMT payment which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the LLP will pay normal income tax in the foreseeable future. Accordingly, AMT is recognised as an asset in the statement of assets and liabilities when it is probable that future economic benefits associated with it will flow to the LLP and can be measured reliably, AMT credit is recognised by way of credit to the statement of income and expenditure and shown as "AMT Credit Entitlement".

The LLP reviews the "AMT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the LLP does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income and expenditure.

At each reporting date, the LLP re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The LLP writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the LLP has a legally enforceable right for such set off.

m. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises cash in hand and cash at bank and short-term investments with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

n. Provisions and contingencies

Provisions:

A provision is recognized when an enterprise has a present obligation 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the statement of assets and liabilities date. These estimates are reviewed at each statement of assets and liabilities date and adjusted to reflect the current best estimates.



Subex Assurance LLP

Notes to statement of accounts for the year ended March 31, 2019

Contingent liabilities:

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 LLP 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 LLP does not recognize a contingent liability but discloses its existence in the statement of accounts.

o. Segment reporting

The LLP 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 LLP operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the LLP. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to 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 LLP as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated income / expenditure / assets / liabilities'.

p. Operating cycle

Based on the nature of products / activities of the LLP and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the LLP has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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Subex Assurance LLP

Notes to statement of accounts for the year ended March 31, 2019

3. Partners' funds

Movement in partner's capital and current account for the period ended March 31, 2018:

Name of the Partner	Opening balance as on April 05, 2017		Addition during the period		Profit % as per LLP agreement	Profit for the period ended March 31, 2018 (e) **	Withdrawal during the period		Balance as at March 31, 2018	
	Capital account (a)	Current account (b)	Capital account (c) *	Current account (d)			Capital account (f)	Current account (g)	Capital account (a+c-f)	Current account (b+d+e-g)
Subex Limited	-	-	61,564	-	99.99%	635	-	-	61,564	635
Subex Digital LLP	-	-	-	-	0.01%	-	-	-	-	-
Total	-	-	61,564	-	100.00%	635	-	-	61,564	635

Movement in partner's capital and current account for the year ended March 31, 2019:

Name of the Partner	Opening balance as on April 01, 2018		Addition during the year		Profit % as per LLP agreement	Profit for the year ended March 31, 2019 (e) **	Withdrawal during the year		Balance as at March 31, 2019	
	Capital account (a) *	Current account (b)	Capital account (c)	Current account (d)			Capital account (f)	Current account (g)	Capital account (a+c-f)	Current account (b+d+e-g)
Subex Limited	61,564	635	-	-	99.99%	165	-	1,035	61,564	(235)
Subex Digital LLP	-	-	-	-	0.01%	-	-	-	-	-
Total	61,564	635	-	-	100.00%	165	-	1,035	61,564	(235)

* refer note 1(b)

** refer note 3(a)



3(a). Reserves and Surplus

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Profit as per statement of income and expenditure	165	635
Less: Appropriation of profit to partners' current account		
Subex Limited Current Account (99.99%)	165	635
Subex Digital LLP Current Account (0.01%)	-	-
Total Appropriations	165	635
Closing balance	-	-

4. Deferred tax (liability) / assets (net)*

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
<u>Deferred tax liabilities</u>		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortization charged	2,709	1,129
	2,709	1,129
<u>Deferred tax assets</u>		
Provision for employee benefits and others	764	65
Losses available for offsetting against future taxable profits	1,992	802
	2,756	867
	47	(262)

* Deferred tax liability arises on account of tax benefits from amortization of intangible assets of the LLP, net of deferred tax assets arising on account of carry forward of losses and other taxable temporary differences which arose mainly on account of the Capital Contribution received from the Parent Company as detailed in note 1(b).

5. Short-term borrowings

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand from banks (Secured)	-	3,215
	-	3,215

The loan from bank is secured by primary charge on customer receivables and pari passu first charge on the current assets of the entity and collateral pari passu first charge on the property, plant and equipment of the entity. Further, the borrowings are secured by corporate guarantee from Subex Limited, the Parent Company.

Loans repayable on demand from bank as at March 31, 2019 represent Pre-shipment Credit in Foreign Currency (PCFC) of ₹ Nil (March 31, 2018: ₹ 3,215 Lakhs) at an average interest rate of 3.49% (March 31, 2018: 3.27%). This facility had been received from Subex Limited as part of Capital Contribution. Also, refer note 1(b).

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6. Trade payables and other current liabilities

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Trade payables	6,553	8,042
Other current liabilities	6,553	8,042
Employee related liabilities	1,145	714
Unearned revenue	596	1,289
Capital creditors	38	-
Statutory remittances	157	202
Rent equalisation reserve	183	68
	2,119	2,273

7. Provisions

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for employee benefits		
Provision for gratuity [refer note 23(b)]	191	192
	191	192
Current		
Provision for employee benefits		
Provision for gratuity [refer note 23(b)]	72	64
Provision for compensated absences	141	139
Other provisions		
Provision for foreign taxes	215	147
	428	350

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8. Property, plant and equipment

	(₹ in Lakhs)			
	Computer equipment	Furniture and fixtures	Office equipment	Total
Cost				
Assets received as capital contribution *	331	3	22	356
Additions	68	-	8	76
Disposals	(1)	-	-	(1)
As at March 31, 2018	398	3	30	431
Additions	175	8	16	199
Disposals	(2)	-	(1)	(3)
As at March 31, 2019	571	11	45	627
Depreciation				
Charge for the period	71	-	5	76
Disposals	-	-	-	-
As at March 31, 2018	71	-	5	76
Charge for the year	196	5	22	223
Disposals	(1)	-	(1)	(2)
As at March 31, 2019	266	5	26	297
Net block				
As at March 31, 2018	327	3	25	355
As at March 31, 2019	305	6	19	330

9. Intangible assets

	(₹ in Lakhs)				
	Computer software	Customer contracts	Development technology	Goodwill	Total
Cost					
Assets received as capital contribution *	57	70	27,753	10,925	38,805
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2018	57	70	27,753	10,925	38,805
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2019	57	70	27,753	10,925	38,805
Amortization					
Charge for the period	7	14	1,148	452	1,621
Disposals	-	-	-	-	-
As at March 31, 2018	7	14	1,148	452	1,621
Charge for the year	50	35	2,775	1,093	3,953
Disposals	-	-	-	-	-
As at March 31, 2019	57	49	3,923	1,545	5,574
Net block					
As at March 31, 2018	50	56	26,605	10,473	37,184
As at March 31, 2019	-	21	23,830	9,380	33,231

* Refer note 1(b)

Refer note 5 as regards collateral and security of the LLPs Property, Plant and Equipment



10. Non-current investments*

Investments carried at cost

A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)

5,039,565,245 equity shares of ₹ 0.4255 each fully paid in Subex (UK) Ltd.

1 equity share of ₹ 3,344,024 in Subex Middle East (FZE), UAE

B. Investment in limited liability partnership firms

Investment in Subex Digital LLP in form of capital contribution of ₹ 10 and share of loss of ₹ Nil for the period ended March 31, 2019 (March 31, 2018 : ₹ Nil)

Total Investments carried at cost (A+B)

Aggregate amount of unquoted investments in subsidiaries

Aggregate amount of impairment on investments

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
21,443	21,443
33	33
21,476	21,476
-	-
-	-
21,476	21,476
21,476	21,476
-	-
21,476	21,476

*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 of the Parent Company. 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.

These investments represent interest in equity shares of the said entities, received as part of Capital Contribution pursuant to restructuring and recorded at their respective fair values. Also, refer note 1(b).

11. Trade receivables

(Unsecured)

Considered doubtful
Less: Allowances for doubtful debts

Considered good

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
697	456
(697)	(456)
-	-
11,205	12,227
11,205	12,227

12. Cash and bank balances

Cash and cash equivalents

Balance with bank in current accounts

In EEFC accounts

Other bank balances

Margin money deposits*

Amount disclosed under non-current assets (refer note 14)

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
560	1,324
158	-
718	1,324
-	62
-	(62)
-	-

* Represents margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the statement of assets and liabilities date.



13. Loans and advances (Unsecured, considered good)**Non-current**

Security deposits
Advance income-tax
Loans & Advances to related parties

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
595	592
244	33
1,372	-
2,211	625

Current

Loans and advances to employees
Prepaid expenses
Advance to suppliers

109	112
244	169
4	2
357	283

14. Other assets (Unsecured, considered good)**Non-current**

Margin money deposit (refer note 12)

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
-	62
-	62

Current

Unbilled revenue
Interest accrued but not due on bank deposits
Expenses incurred on behalf of customers

1,045	2,916
-	1
-	80
1,045	2,997

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15. Revenue from operations

Sale of products
Sale of services

(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
919	1,045
29,214	11,768
30,133	12,813

16. Other income

Net gain on disposal of property, plant and equipment
Interest on bank deposits
Miscellaneous income

(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
3	-
3	2
5	3
11	5

17. Employee benefits expense

Salaries and wages
Contribution to provident fund and other funds
Gratuity expense [refer note 23(b)]
Staff welfare expenses

(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
9,171	3,572
310	125
109	48
268	130
9,858	3,875

18. Finance costs

Interest expense on borrowings
Bank charges

(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
82	31
38	117
120	148

19. Depreciation and amortization

Depreciation of property, plant and equipment (refer note 8)
Amortization of intangible assets (refer note 9)

(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
223	76
3,953	1,621
4,176	1,697

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20. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
Cost of hardware, software and support charges	354	70
Sub-contract charges	6	18
Rent	1,265	543
Power and fuel	165	64
Repairs and maintenance		
- Building	68	20
- Others	497	229
Insurance	58	30
Communication costs	70	26
Printing and stationery	7	3
Travelling and conveyance	1,449	424
Rates and taxes	15	34
Advertisement and business promotion	152	20
Consultancy charges	212	132
Payments to auditors	59	18
Marketing and allied service charges	11,143	4,410
Sales commission	3	2
Provision for doubtful debts (net of reversal)	251	(311)
Exchange fluctuation (gain)/ loss (net)	(145)	240
Loss on sale of fixed assets (net)	-	1
Miscellaneous expenses	6	-
	15,635	5,973

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21. Related party transactions

(i) Names of related parties and related party relationship

Parent Entity

Subex Limited

Wholly Owned Subsidiaries

Subex (UK) Limited

Subex Middle East (FZE)

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Fellow Subsidiaries

Subex Americas Inc.

Subex Digital LLP

Subex Technologies Limited

Designated Partner

Vinod Kumar Padmanabhan

Venkatraman G S

Mehernaz Dalal

Designated Partner (w.e.f April 05, 2017)

Designated Partner (w.e.f. November 15, 2018)

Designated Partner (w.e.f June 15, 2017 to November 14, 2018)

(ii) Details of the transactions with the related parties

A. Transactions with wholly owned subsidiaries

Income from software development and services:

Subex (UK) Limited

Subex Inc.

Subex (Asia Pacific) Pte. Limited

Subex Americas Inc.

Subex Middle East (FZE)

Marketing and allied service charges:

Subex (UK) Limited

Subex Inc.

Subex (Asia Pacific) Pte. Limited

Subex Americas Inc.

Subex Middle East (FZE)

Reimbursement of expenses made to:

Subex (UK) Limited

Subex (Asia Pacific) Pte. Limited

Subex Middle East (FZE)

Subex Limited

Subex Digital LLP

Reimbursement of expenses received from:

Subex (UK) Limited

Subex Limited

Subex Digital LLP

Subex (Asia Pacific) Pte. Limited

Subex Middle East (FZE)

Subex Inc.

Subex Americas Inc.

Investment received in form of capital contribution [refer note 1(b)]:

Subex Limited

Subex Digital LLP

Share of profit, net, transferred to current account of:

Subex Limited

Loan and advances given during the year

Subex Digital LLP

Subex Limited

	(₹ in Lakhs)	
	Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
Income from software development and services:		
Subex (UK) Limited	10,916	4,734
Subex Inc.	3,523	1,168
Subex (Asia Pacific) Pte. Limited	1,636	550
Subex Americas Inc.	725	355
Subex Middle East (FZE)	1,264	323
	18,064	7,130
Marketing and allied service charges:		
Subex (UK) Limited	5,440	2,194
Subex Inc.	4,712	1,917
Subex (Asia Pacific) Pte. Limited	680	239
Subex Americas Inc.	213	28
Subex Middle East (FZE)	98	32
	11,143	4,410
Reimbursement of expenses made to:		
Subex (UK) Limited	733	292
Subex (Asia Pacific) Pte. Limited	9	3
Subex Middle East (FZE)	112	22
Subex Limited	202	756
Subex Digital LLP	34	129
	1,090	1,202
Reimbursement of expenses received from:		
Subex (UK) Limited	178	7
Subex Limited	118	408
Subex Digital LLP	3	5
Subex (Asia Pacific) Pte. Limited	123	-
Subex Middle East (FZE)	65	-
Subex Inc.	6	-
Subex Americas Inc.	6	-
	499	420
Investment received in form of capital contribution [refer note 1(b)]:		
Subex Limited	-	61,564
Subex Digital LLP	-	-
	-	61,564
Share of profit, net, transferred to current account of:		
Subex Limited	165	635
	165	635
Loan and advances given during the year		
Subex Digital LLP	1,370	-
Subex Limited	2	-
	1,372	-



(₹ in Lakhs)	
Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
Drawings by the partner during the year	
Subex Limited	
1,035	-
1,035	-

(iii) Details of balances receivable from and payable to related parties as at year ended March 31, 2019:

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
Trade receivables	
Subex Americas Inc.	142
Subex (Asia Pacific) Pte. Limited	85
Subex Digital LLP	456
Subex Inc.	252
Subex Limited	145
Subex Middle East (FZE)	111
Subex (UK) Limited	958
	1,180
	1
	127
	364
	679
	5,201
	5,908
	7,267
	8,342
Trade payables	
Subex Americas Inc.	1,204
Subex (Asia Pacific) Pte. Limited	1,167
Subex Inc.	265
Subex Middle East (FZE)	553
Subex (UK) Limited	1,280
Subex Limited	28
	710
	64
	3,178
	4,887
	6
	-
	5,961
	7,381
Loans and advances receivable	
Subex Digital LLP	1,370
Subex Limited	2
	-
	1,372
	-
Corporate guarantee outstanding as at year end:	
Subex Limited	4,500
	8,250
	4,500
	8,250

(iv) Other transactions:

- a. Refer note 1(b) on capital contribution.
- b. During the year, the Parent Company has granted 72.5 lakhs ESOPs to employees of Subex Assurance LLP (including designated partners) under ESOP 2018 scheme.

B. Transactions with designated partner:

(i) Salaries and perquisites

Vinod Kumar Padmanabhan*

(₹ in Lakhs)	
As at March 31, 2019	As at March 31, 2018
119	-
119	-

* During the year, the LLP has granted 17 lakhs ESOPs to designated partner under ESOP 2018 scheme.



22. Commitments and contingent liabilities**a) Commitments****Operating leases**

The LLP leases office facilities, residential facilities and servers under cancellable operating lease agreements. The LLP intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was ₹ 1,265 lakhs (March 31, 2018: ₹ 543 lakhs)

b) Contingent liabilities

The LLP has furnished bank guarantees to customers amounting to ₹ 161 lakhs (March 31, 2018: ₹ 48 lakhs).

23. Employee benefit plans**a) Defined contribution plans**

The LLP makes contributions to Provident Fund which is a defined contribution plan for qualifying employees. Under the scheme, the LLP is required to contribute a specified percentage of the payroll costs to fund the benefits. The LLP recognized ₹ 310 lakhs (March 31, 2018: ₹ 125 lakhs) for Provident Fund contributions in the statement of income and expenditure.

b) Defined benefit plans

The LLP offers Gratuity benefits to employees, a defined benefit plan, which 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 following tables summarise the components of net benefit expenses recognised in the statement of income and expenditure and the funded status and amount recognised in the statement of assets and liabilities.

		(₹ in Lakhs)	
		Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
I	Components of employee benefits expense		
	Current service cost	70	29
	Interest cost	33	11
	Expected return on plan assets	(14)	(4)
	Actuarial losses	20	12
	Total expense recognized in the statement of income and expenditure	109	48
II	Actual contribution and benefit payments for the year/ period		
	Actual benefit payments	67	6
	Actual contributions	102	50
		(₹ in Lakhs)	
		As at March 31, 2019	As at March 31, 2018
III	Net asset/ (liability) recognized in statement of assets and liabilities		
	Present value of defined benefit obligation	493	436
	Fair value of plan assets	230	180
	Net liability recognized in statement of assets and liabilities	263	256
	-Current	72	64
	-Non current	191	192



		(₹ in Lakhs)	
		As at March 31, 2019	As at March 31, 2018
IV	Change in defined benefit obligations during the year/ period		
	Obligations at beginning of the year	436	-
	Liability transferred pursuant to restructuring	-	389
	Current service cost	70	29
	Interest cost	33	11
	Actuarial losses	21	13
	Benefits paid	(67)	(6)
	Present value of defined benefit obligation at the end of the year/ period	493	436
V	Change in fair value of assets during the year/ period		
	Plan assets at the beginning of the year	180	-
	Asset transferred pursuant to restructuring	-	131
	Expected return on plan assets (estimated)	14	4
	Actuarial gain	1	1
	Actual contributions	102	50
	Benefits paid	(67)	(6)
	Plan assets at the end of the year/ period	230	180
VI	Actual return on plan assets	15	5
VII	Expected contribution in the next year	72	64
VIII	Major categories of plan assets as a percentage of the fair value of total assets are:		
	Investments with insurer	100%	100%

(i) The discount rate is based on the prevailing bond yields of Government of India securities as at the balance sheet date corresponding to a term of approximately 6 years (March 31, 2018: 6 years) which is the expected term of defined benefit obligation.

(ii) The expected rate of return on plan assets is determined after considering several applicable factors such as composition of plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(iii) 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.

(iv) The mortality rate is based on the table as specified by the Indian Assured Lives Mortality (2006-08).

IX Actuarial assumptions

	As at March 31, 2019	As at March 31, 2018
Discount rate	7.30%	7.60%
Expected return on plan assets	7.60%	7.75%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%

X Amount for the current year are as follows:

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation at the end of the year/period	493	(436)
Plan assets at the end of the year/period	230	180
Funded status	263	(256)
Actuarial gain/ (loss) due to change on plan liabilities	(21)	(13)
Actuarial gain/ (loss) due to change on plan assets	1	1



24. Unhedged foreign currency exposure:

The entity does not have any outstanding forward foreign exchange contracts or other derivative instruments for the purposes of hedging the risks associated with foreign exchange exposures as at the year end. The net foreign currency exposure that has not been hedged by derivative instruments or otherwise as at March 31, 2019 is as follows:

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Receivables		
Trade receivables	10,852	11,892
Cash and bank balances	158	-
Other current assets	959	587
Total (A)	11,969	12,479
Payables		
Trade payables	6,233	7,440
Borrowings	-	3,215
Other current liabilities	44	190
Total (B)	6,277	10,845
Net Unhedged Foreign Currency Exposure (C = A-B)	5,692	1,634

25. Segment Reporting

The LLP 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 customers of the LLP domicile.

The accounting policies adopted for segment reporting are in line with the accounting policies of the LLP. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Common allocable costs are allocated to each segment according to their relative contribution to each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the LLP as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

The LLP operations spans across the world and are categorised geographically as (a) Americas, (b) EMEA (c) India and (d) APAC. 'Americas' comprises the LLP's operations in North America, South America and Canada. 'EMEA' comprises the LLP's operations in Europe, Middle East and Africa and 'APAC' comprises of the Company's operations majorly in Singapore and Australia. The LLP has identified its secondary segment to be geographical.

Segment revenue by geographical location are as follows:*

	(₹ in Lakhs)	
	Year ended March 31, 2019	Period from April 05, 2017 to March 31, 2018
Americas	4,706	1,721
EMEA	20,589	8,750
India	1,747	1,019
APAC	3,091	1,323
	30,133	12,813

* Revenue by geographic area are based on the geographical location of the customer.



Subex Assurance LLP**Notes to statement of accounts for the year ended March 31, 2019****Segment assets by geographical location are as follows:**

The following table shows the carrying amount of the segment assets by geographical area in which the assets are located:

	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Americas	1,194	1,403
EMEA	9,464	11,029
India	3,146	2,659
APAC	1,100	1,415
Unallocable	55,716	60,027
	70,620	76,533

Property, plant and equipment acquired during the year pertains to India Geography.

26. Provision - foreign withholding taxes, represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the LLP.
27. The LLP has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The LLP is in the process of carrying out transfer pricing study for the period ended March 31, 2018 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the LLP, 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 statement of accounts of the LLP, particularly on account of tax expense and that of provision for taxation.
28. Previous period figures have been regrouped/ reclassified, wherever necessary to confirm to current years's classification. Consequent to the restructuring more fully described in note 1(b), the current year figures are not comparable to the previous period figures.

As per our report of even date

For S.R Batliboi & Associates LLP

ICAI Firm Registration Number:101049W/E300004

Chartered Accountants

Rajeev Kumar
per **Rajeev Kumar**
Partner

Membership No.: 213803

Place: Bengaluru

Date: June 12, 2019

**For and on behalf of Subex Assurance LLP**

Vinod Kumar Padmanabhan
Vinod Kumar Padmanabhan
Designated partner

Place: Bengaluru

Date: June 12, 2019

Venkatraman G S
Venkatraman G S
Designated partner

Place: Bengaluru

Date: June 12, 2019

