subex
powering the ROC

Optimising the future

Subex Limited
Annual Report 2014-15

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.

Inside the document

Contents

Subex for the future

Creating customized solutions for customers and helping them maximize their profits	A strong global customer base of 200+ operators
Attaining market leadership in capex optimization	Creating a 16 patent-long portfolio* globally
	Establishing more than 300 installations worldwide

A collaborative spirit, unrelenting dedication and expert know-how helps us see possibilities where others see a full stop.
We are Subex. We are the future for optimization.

This is a story of reloading, reviving and resurging.
This is the story of Subex.
And the story has only just begun.

** eight approved, eight pending*

Subex Limited.

- Provides top-of-the-line business and operations support systems.
- Bolsters the competitive advantage of communications service providers.
- Improves operational efficiencies.
- Enhances service experience of subscribers

By reloading, reviving and resurging.

About us

Subex Limited is a Bengaluru-based corporate providing business and operations support system products for telecom operators. Our products include ROC revenue assurance, ROC fraud management, ROC credit risk management, ROC partner settlement, ROC cost management, ROC route optimization, ROC asset assurance, ROC data integrity management and ROC capacity management.

Where we are located

Subex is headquartered in Bengaluru, India. The Company's global delivery centres are located in India, the US and the UK. Our branch offices are located in the US, the UK, the UAE and Singapore.

Listing

The Company's shares are listed on the Bombay Stock Exchange (BSE, India), the National Stock Exchange (NSE, India), the London Stock Exchange and the Singapore Stock Exchange. The Company enjoyed a market capitalization of ₹ 185.6 crore as on 31st March 2015.

Products and services

Subex provides industry-leading B/OSS solutions to leading telecom service providers across the globe. Subex has been the harbinger of change in the realm of telecom through its groundbreaking Revenue Operations Centre (ROC®). Subex is known for its entrenched ability to provide integrated infrastructural services for regular operations. Built to establish a link between operations and profitability, the ROC combines disparate operations and provides assurance and governance functions in a synergistic manner. It enables service providers to monitor and control the entire revenue chain and identify revenue risks, thereby resulting in augmented returns and customer gratification, hands-on management and diminished capex.

The Subex value proposition – business and capex optimization

Protected Revenues	Managed Costs	Assured Capital
Revenue Assurance Prevents revenue leakages	**Cost Management** Reduces unnecessary expenditure	**Asset Assurance** Manages and reduces network capex
Fraud Management Prevents losses (fraud and payment defaults)	**Partner Settlement** Manages inter-carrier, partner expenses	**Capacity Management** Provides a holistic view of network capacity
Credit risk Management Reduces risk proactively	**Route Optimization** Manages and forecasts network cost information	**Data integrity Management** Oversees network discovery, reconciliation and analytics

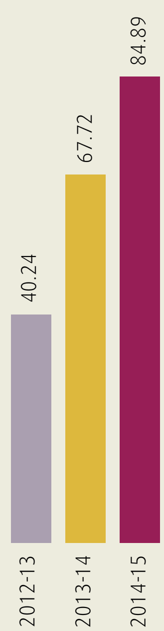
Revenue

₹360.73 crore

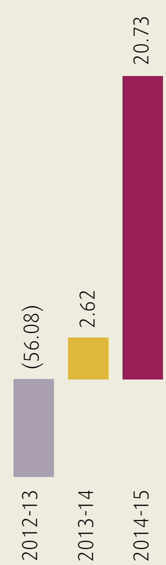
2014-15

Operational highlights, 2014-15

Revenues* (₹ crore)



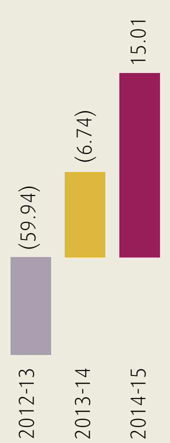
EBIDTA* (₹ crore)



Profit before tax* (₹ crore)

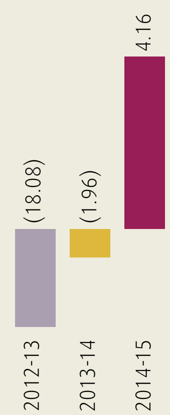
* representing our continuing business

EBIDTA*	Employees	Global patents#	Customer base
₹84.89 crore	800+	16	200+
2014-15	As on 31st March 2015	As on 31st March 2015	As on 31st March 2015



Post-tax profit*
(₹ crore)

EBIDTA margin* (%)



PAT margin* (%)

#8 granted, 8 pending approval

Managing Director and CEO's message

Dear shareholders,

As we've seen over the past few years, telecom continues to be a growing, vibrant ecosystem, expanding rapidly across a broad swath of products, technologies and services. And we believe that there are plenty of new and emerging opportunities which could continue to provide robust growth across all telecommunications sub-sectors.

There are some conspicuous trends manifesting themselves in the B/OSS business which include a growing stringency in terms of regulatory demands, increasing commoditization, shrinking margins, proliferation of devices and services, and the implementation of new business models and strategies. What we have to realize now is what these changes means for telecom operators – our primary clients. Telecom operators now need to respond in days and not weeks or months. They must enhance their knowledge of the customer and sweat their assets to identify and remove procedural bottlenecks and leverage their biggest asset – data.

Traditional telecommunications organizations must realize that the sector is becoming more and more intimately intertwined. Hence, rather than 'going solo,' it will be prudent for them to walk the collaborative path. This is where, Subex's expertise comes in. Operators can leverage the Subex ROC value proposition and heighten customer satisfaction and rake in incremental incomes.

Our entrenched ability to plug business gaps and ensure capex optimization holds us in good stead to make the most of these developments. This warrants consistent monitoring of all processes and systems and making sure that the are working in the manner they are supposed to and taking corrective actions in case of any discrepancies.

One of the more momentous developments during the fiscal gone by has been the growth of audio and video streaming among smartphone users, with most consumers now using more than a gigabyte of data per month. The 2014 Global Mobile Consumer Survey showed a 19 per cent increase among US consumers streaming television or film content over the past year, and there was an impressive 30 per cent year-over-year growth in streaming music. Even more compelling was that the number of consumers who indicated they streamed media has nearly doubled since last year. With 16 global patents in our kitty – (eight approved and eight pending) and 700+ engineers working indefatigably towards creating cutting-edge IPs, the Subexian school of thought leadership has become a veritable industry benchmark.

And it's not just the developed markets that are holding sway; the emerging markets are set for pulsating growth too. Cognisant of these trends, CSPs in North America are no longer wary of adopting state-of-the-art business optimization tools which Subex has to offer. Such tools include those that enable advanced market segmentation based on transient and unstructured data.

The mobile economy 2015

4.6 bn unique subscribers by 2020.

Data traffic to grow **tenfold** 2014-19.

US$ **1.4** trillion operators capex for the period 2015-2020.

The LATAM mobile market is becoming more and more sophisticated with each passing fiscal. Subex, with its ability to provide tools for revenue assurance, fraud management and market segmentation in order to help reduce churn and revenue leakage from operations, is expected to be a major beneficiary in the aftermath of all this.

CSPs in Western Europe have already purchased commercial software tools and platforms but the need to improve efficiency will continue to drive additional spending. In addition, sales of customer data will become more significant towards the end of the forecast period.

CSPs in China and India, and other large, emerging countries in APAC have also taken to business optimization tools and the overall market is pegged to grow at a CAGR of 9.2%. This healthy growth rate is spurred by the region's comparatively open regulations for the use of customer data.

Subex's Network Analytics solution suite addresses capex issues of operators and helps in substantial capex reduction. Asset assurance, data integrity management and capacity management represent the three key components of the suite. While the first component manages telecommunications network assets across all dimensions of the asset lifecycle and helps reduce capex substantially, the second discovers devices and services across diverse network environments and uninterruptedly reconciles this data with the OSS/BSS. The third engages analytical functions to accurately envisage situations and assess their impact on network capacity, thereby helping CSP's plan capacity investments in a prudent manner.

Subex is a pioneer in this space; the Company's initial projects have yielded superior customer value. Going ahead, it is expected that this segment will contribute significantly to the annual revenues over the foreseeable future.

Our expertise and experience in these emerging fields have been vindicated by recognition coming from all across the telecom industry. Subex along with Mobily, has been awarded the prestigious GTB Innovation Award 2015 for Business Service Innovation and has also been named one of the 'Top 10 to Watch' companies by leading analyst firm, Frost & Sullivan.

Subex's resurgence has been much like that of the proverbial Phoenix. Standing at what can be accurately described as our inflection point, we pledge to remain firmly committed to delivering enhanced value to all our stakeholders. All of us at Subex are very excited about the road ahead. We feel confident that we will achieve outstanding results through focus and efficient execution. Our passionate and committed team of 800+ Subexians join us in thanking you and we look forward to an exciting year ahead with the aim of garnering newer milestones and greater achievements.

Regards,

Surjeet Singh

Managing Director and CEO

Interview with Vinod Kumar, COO

Analysys Mason research shows that capex spending in the top – 125 CSPs worldwide has fallen consistently over the last four years; in 2014 capex totalled US$320 billion, or 16% of revenue

Capex optimization is a term that has featured in every major communication service provider's (CSP) financial reports in recent years and while it may seem like a proactive buzzword to use in the annual shareholders letter, there are genuine large-scale initiatives currently taking place within the CSPs to streamline capex spending.

The lean years of global economic downturn, falling ARPUs, falling EBITDA and increased competition from outside the industry has forced all CSPs to seriously address the way they deliver their services, dramatically reducing costs, increasing operational efficiency and maximizing margins while simultaneously dealing with the drive towards deploying next generation network technologies and services.

What are the key inefficiencies in capital investments decision making within CSPs?

Subex sees three main challenges faced by CSPs undergoing a transformative initiative to optimize capex spending:

The first key investment challenge facing CSPs with multiple large networks is that separate OSS/BSS systems are used to manage and support different types and ages of network technology with no single system accounting for all of the Company's assets. In global CSPs with a track record of M&A, this situation is amplified greatly as a large number of legacy systems continue to function in the country-specific operating companies due to the costs and time impacts involved with large scale data migration. In addition to this, inventory for outside plant has traditionally been handled by a manual data entry system which models assets from physical data centre infrastructure to cell tower hardware to satellites modelled in an offline system. The only way to ensure data quality on these systems is to perform physical audits, which again can prove to be a costly exercise.

The second inefficiency we have seen in our research is a disconnection of motivations from the different buying centres within a CSP, mainly the alignment gap between the CTO and CFO. The CTO's key drivers are to authorize capital expenditure in the network based on technological improvements, maintenance requirement and the ongoing expansion of network capacity. The CFO's office is focused primarily on tackling eroding margins and preservation of capital, and the ability to free up liquid cash. Finance departments typically rely on ERP (Enterprise Resource Planning) software and techniques along with other supply chain, logistics or asset management applications to obtain metrics about the number, status and location of assets, which is a different view to that of the OSS. CSPs' CFOs and CTOs should work together in order to achieve best return on network investment.

The third key inefficiency that we see in the assessment of capex allocation comes from a driver perspective, where the vast majority of capex spending is automatically passed through purchase controls in an attempt to stay marginally ahead of capacity rather than from a strategic plan from the business.

With these fundamental problems in both business process and information management it is easy to see that capex spending activities in CSPs is not currently optimized. What is Subex doing to address these challenges?

The ROC Asset Assurance solution is a network analytics based software platform which is designed to drive actions and changes in critical business processes that relate directly to capex. The solution is comprised of three key elements; data discovery and reconciliation, asset assurance and capacity management. Together these products form the Network Analytics solution suite which addresses capex issues of CSPs and helps in substantial capex reduction.

While CSPs possess a network installation strategy, which should be focused on the selection of correct and appropriate network elements, capex optimization is often achieved by striking the right balance between utilization of existing infrastructure and new procurement activities. Data points such as returns derived from a network asset, average maintenance costs, utilization levels of the equipment and spares management all need to be taken into account to correctly establish the capex cost over the lifetime of the asset.

Subex along with the TM Forum, global CSP Econet and other software vendors has formed the Asset Management Project Group, a joint venture to bring standards into the network capex and network optimization practices within CSPs globally. The Asset Management Group has been established for TM Forum members to collaborate in defining guidelines to set network asset policies, track assets and manage the overall corporate balance sheet. TM Forum and Subex, as project lead, remain committed to helping CSPs develop new approaches to achieve maximum efficiency and optimization of their business processes and success in capex management through the group.

How do you see better asset management resulting in capex spending efficiencies for the business as a whole?

Subex's proof-of-concept testing has proven that using a holistic approach to the asset lifecycle covering both ERP and OSS domains increases efficiencies in asset management. The direct effect of improved asset management is improved capital management practices in all phases of the business. So from the CSP's perspective, asset management can have a real impact on the financial health of the business in a relatively short timeframe just by realigning the communication gap between the two business groups within the CSP and ending long held and wasteful capex spending habits.

The solution is relevant to both the CTO and CFO of the organization, unifying their global view, with a higher level of data quality than was previously available.

Key benefits for operations include:

- Optimal utilization of capex and opex spend on network assets
- Better visibility into disposition of assets and ongoing/ on-demand FAR and OSS data integrity
- Smooth audit and regulatory compliance for assets
- Accurate asset depreciation and write-off, free cash flow generation

Has Subex had any quantified potential savings available to CSPs using the solution?

The Subex Network Analytics solution deployed at a Tier-I CSP in North America to reduce capital investment and optimize network capacity utilization, achieved capex savings worth more than US$100 million and counting through automated discovery process and identification and recovery of plugged-in assets for network size of over 300,000 network elements. The programme reported ROI measurements of more than 700% through network asset recovery.

Subex estimates savings in the following areas:

- Procurement and decommissioning assurance – 15-20%
- Asset tracking and management: 15-20%
- Financial reporting and accounting improvement: 25-30%
- Operational efficiency: 10-20%

Seamless asset visibility

At Subex, competitive advantage is derived by providing clients with a 360° view of assets across their life cycles.

To adequately appraise the indispensability of the Company's ROC asset assurance offering, one must understand how the asset lifecycle pans out. It begins with planning, forecasting and budgeting, followed by purchasing, receiving, deploying, operating and ultimately redeploying and retiring. The Company's ROC asset assurance service scrutinizes, manages and optimizes capital expenses through the asset life cycle.

Subex makes it happen by venturing beyond conventional analytics in order to usher in palpable improvement in critical business processes and finds ways and means to keep capital expenditures under a tight leash. The Company's ROC asset assurance solution exhaustively investigates data quality upon which crucial capital decisions hinge to improve its precision, thereby freeing managerial bandwidth and reducing turnaround time.

The industry challenge:

Against the backdrop of increasing capital expenditures (Capex) and revenue growth that is failing to keep pace, operators are now facing a critical, immediate need to rationalize Capex practices.

Operators can no longer afford to keep on spending, like they always have, on capital assets and network projects with no questions asked. But operators are not managing their assets adeptly, and these challenges need to be addressed by the senior management with some urgency in order to control their capital expenditure more effectively. By catering to operator's needs, Subex intends to carve out a larger share of the customer wallet.

This is what Subex is doing:

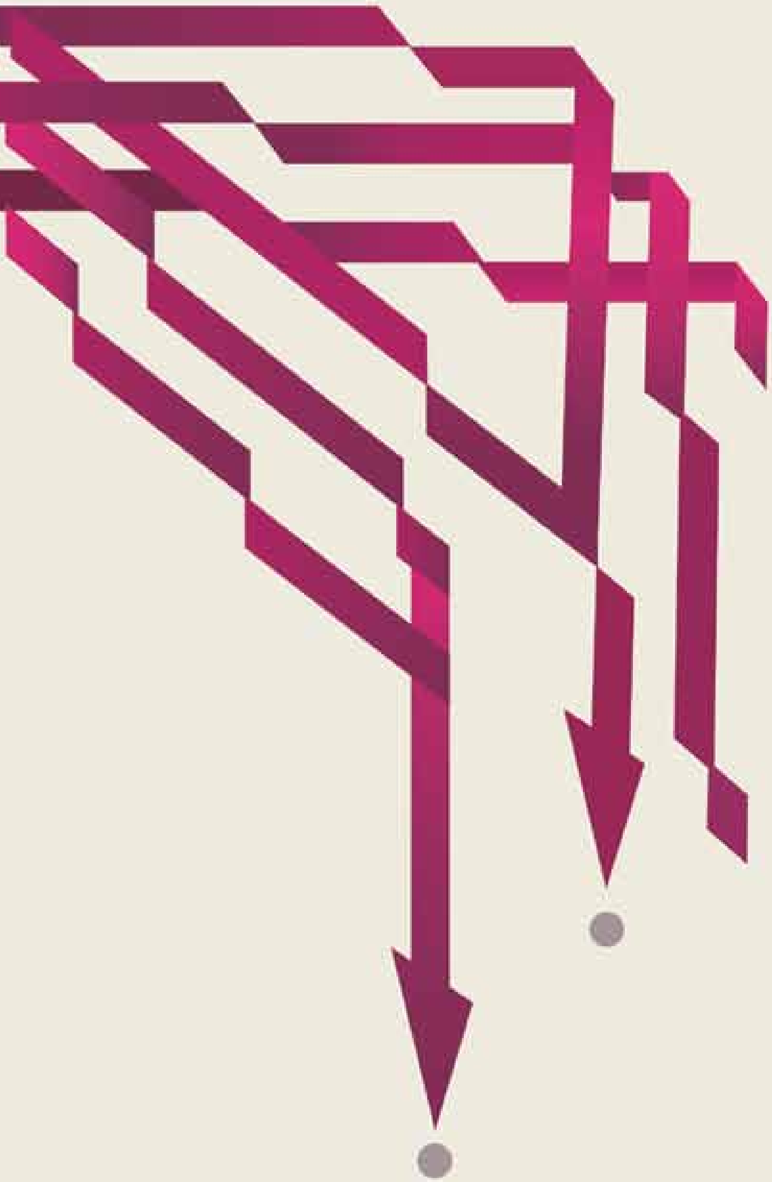
Asset Assurance is a first-of-its-kind solution that significantly reduces capex, increases free cash flow and EBITDA by providing financial and operational metrics to measure, predict and optimize the return on assets in the network. Subex's ROC Asset Assurance is a pioneering solution to manage telecommunications assets across all dimensions of the asset life cycle and reduce capex substantially. Subex is leading the TM Forum Asset Management team, launched in 2013. This team has initiated a very ambitious project to bring standards into the network capex and optimization practices within operators globally. Subex is working with a number of Tier 1 telcos globally to help optimize capex by managing their assets across all dimensions of the asset lifecycle.

Reduced data leakage

In a dynamic business environment, sustainability emanates from nullifying the proportion of data leakage, thereby enhancing long-term revenue visibility.

As per the KPMG Global Revenue Assurance Survey 2014, data leakage has been identified as one of the major causes of revenue attrition with as many as 41% of operators failing to identify more than half of total leakage and 20% of all major global CSPs losing out on 10% of their total data revenues.

Subex's ROC Revenue Assurance service pinpoints root causes, reveals virtually imperceptible leaks, safeguards revenue streams and augments returns on investment. Furthermore, operators who choose to depend completely on in-house competencies to identify and sort out problems related to data leakages face a barrage of challenges. First, most operators don't have the adequate manpower and technology to do the same and second, it extends investigation times beyond permissible limits. Given the criticality of the scenario, ROC Revenue Assurance has become an imperative solution for operators across the world.



This is what Subex has achieved:

Subex, with its ROC Revenue Assurance solution, has helped an APAC operator identify a whopping US$ 24 million in data leakages and helped rake in a 100% return on investment in mere 10 months.

This is what Subex intends to do:

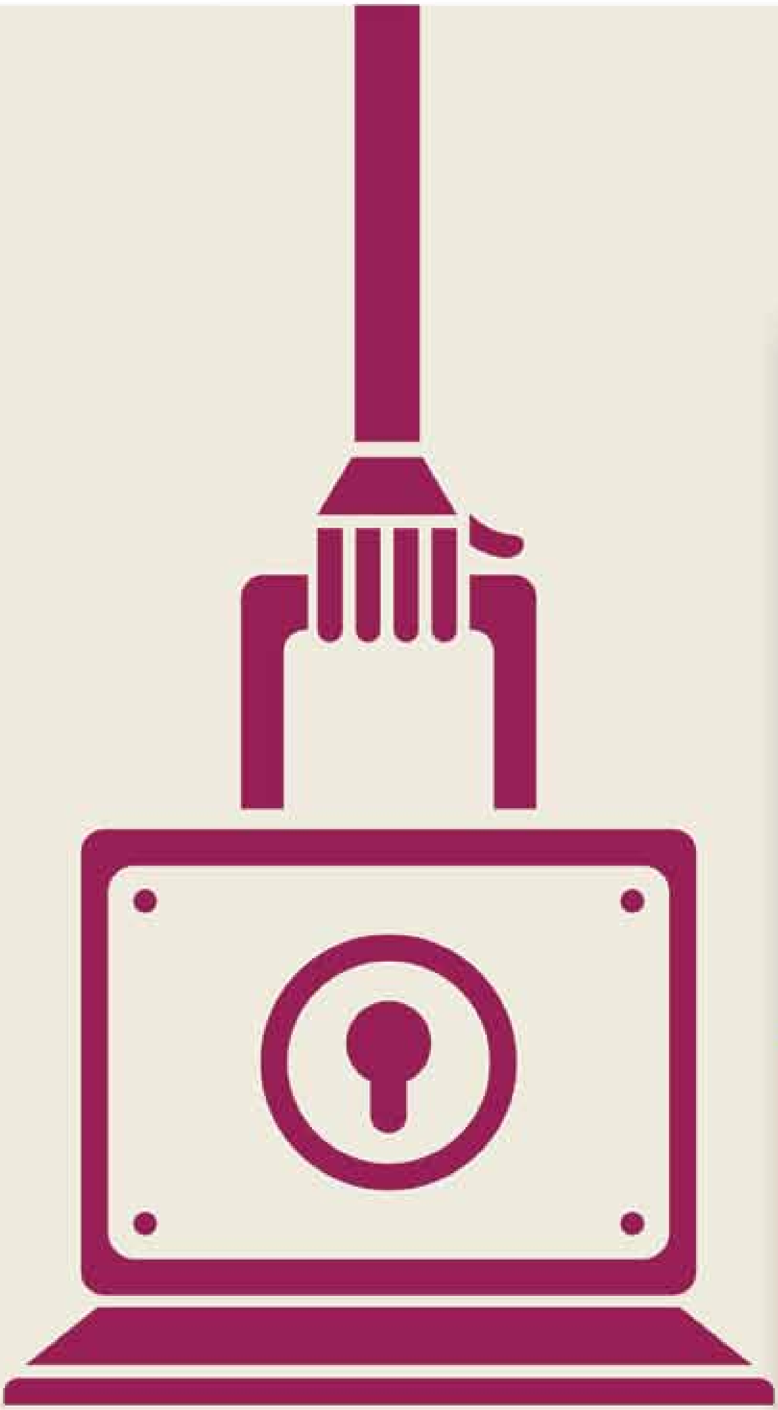
With a growing preference among customers for switch-to-bill, roaming services and leased lines, the onus will be on how efficiently telecom players are able to manage their network costs. In such a scenario, Subex can expect to win big with its revenue assurance solution.

No room for fraud

Subex has carved a niche for itself by systematically eliminating known threats, uncovering new patterns, minimising fraud-run-times and bolstering internal controls.

Here lies the problem: carriers lost a mammoth US$ 6.12 billion last year as a result of fraud with close to 82% acquiescing to the fact that fraud has increased by leaps and bounds over the past few years. The gravity of the matter can be assessed if one were to look at the various ways fraud affects carriers. Not only has it caused carriers to bleed in terms of direct and indirect revenues but also irreparably dented their relationships with peripheral service providers, clients and other stakeholders. In short, fraud is adversely impacting existing businesses as well as future prospects.

Now, here's the solution: ROC Fraud Management is built to increase fraud prevention in the telecom industry by removing known threats, identifying new patterns, minimizing fraud-run-time, augmenting internal controls, and supporting continuous fraud management process improvements. It 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.



This is what Subex has achieved:

With the use of ROC Fraud Management, a large African operator has been able to prevent an estimated fraud loss of US$ 1.1 million within the first year of adoption. Their fraud leakage was reduced to less than 0.2% of monthly revenue and fraud-run-time was brought down drastically.

This is what Subex intends to do:

Given Subex's established domain expertise and product development legacy coupled with the growing incidence of fraud, the stage is set for this to emerge as the Company's foremost revenue spinner in the years to come.

Subex – A cut above the rest

Responsible: The typical telecom operator doesn't have the necessary resources at its disposal to track returns on investment accurately. Subex offers stringent and granular SLAs and drives KPI achievement with its industry-best practices and processes. Furthermore, its commercial models guarantee a 20% higher return on investment.

Proficient: The average CSP is limited by the depth of domain knowledge available – its staff struggles with application management. This is where Subex steps up and delivers. With its deep-rooted domain expertise and talented technology experts, Subex has been able to put in place well-established processes and SOPs leading to a 15-20% enhancement in productivity.

Technology-friendly: The lack of a pre-integrated and seamless automation platform has been a major cause of concern for operators from around the world. The BSS/OSS automation stack that they have in operation is largely a motley set of applications which doesn't operate seamlessly and only leads to escalated automation costs. There's also a stark absence of a product portfolio roadmap leading to an inability to predict marketplace evolutions. Subex, with its pioneering, integrated ROC platform and bespoke automation, successfully unifies functions with common data processing. This helps in reducing operational expenses, integrating common business workflows and offering dedicated solutions to specific business problems, helping shore up efficiencies by more than 15%.

Solutions-oriented: One of the more difficult hurdles that CSPs encounter along the way is building the skills of their existing teams so as to accommodate new services, regions, domains, among others. This leads to employee demoralization and retention issues. Subex with its cutting-edge delivery model, ready pool of trained resources, inherent ability to deploy resources rapidly and rigorous programme management capabilities makes sure that turnaround times are diminished by 10-15%.

Niche: Over time, the bulk of telecom operators accumulate significant overheads when it comes to synchronising operations across with multiple stakeholders/vendors while ensuring hassle-free day-to-day operations. Subex provides its clients with a one-stop-solution for a plethora of functions – from application support and business processes to analysis and reporting – leading to a 7-9% improvement in efficiency.

Star Award winners

Name of employee	Experience
Alan Harper	30 years
Will Richards	25 years
Prajay Shah	25 years
John Brooks	15 years
Ryan Boydston	15 years
Alessandro Giudice	10 years
Binu K	10 years
Blaze Thomas	10 years
Chetana R	10 years
Geetanjali Harshad Sovani	10 years
Gordon Ide	10 years
Haris Mohamed A	10 years
Joseph Wesley	10 years
Kim Dudko	10 years
Matthew Francart	10 years
Neville Collins	10 years
Nishanth V Krishna	10 years
Norbert Holst	10 years
Preetham B	10 years
Rama Krishna Aluru	10 years
Rosme M Mathew	10 years
Sivabalan K	10 years
Sreehari Raghav	10 years
Sumith Varghese	10 years
Umamaheswara Rao	10 years
Vishal M	10 years
Abhijeet Singh	7 years
Amar Nath Singh	7 years
Amit Kumar	7 years
Ashish Mohapatra	7 years
Avinash Ganesh	7 years
Bala Surya D Naresh	7 years
Charanjith A C	7 years
Debadipta Saikia	7 years
Debolina Ray	7 years
Ed Broom	7 years
Felicita Stone	7 years
Gianluca Morelli	7 years
Gopalakrishnan Subramanian	7 years
Gourav Kumar	7 years
Hrishikesh S Raman	7 years
Jared Donaway	7 years
Jayanth Parekkatte	7 years
Karthik R Gupta	7 years
Kiran Kumar G	7 years
Krishna Chethan V	7 years
Lakshmi Ambika	7 years
Mahesh Balakrishnan	7 years
Manohar S S	7 years
Mark West	7 years
Pavan Kumar D K	7 years
Pavan Upadhye	7 years
Prashanth R	7 years
Preethi Ganesh	7 years
Prem Kumar GR	7 years
Rahul Agrawal	7 years
Raj Kumar E T	7 years
Ranjan Mehera	7 years
Ravi Padiyath	7 years
Sachin Shekhar R	7 years
Saithilak kumar A V	7 years
Sajith V	7 years
Shweta S Toggi	7 years
Siddhartha Pratihari	7 years
Siti Abdullah	7 years
Smrutipada Mishra	7 years
Sreekanth Ramadas	7 years
Srikanth Denkanikota Seshadri	7 years
Srikanth Mudale	7 years
Subhajeet Chakraverty	7 years
Sumit Ahuja	7 years
Suneet T Sugunan	7 years
Thrishala B	7 years
Tom Dyson	7 years
Venkata Swamy S	7 years
Venkateswaralu V	7 years
Vibin Mathew	7 years

Board of Directors

Sanjeev Aga
(Independent Director)

Surjeet Singh
(Managing Director & CEO)

Anil Singhvi
(Independent Director)

Karthikeyan Muthuswamy
(Nominee Director)

Nisha Dutt
(Independent Director)

Executive Leadership Team


Surjeet Singh
(Managing Director & CEO)


Vinod Kumar
(Chief Operating Officer)


Ganesh K.V.
(Chief Financial Officer, Global Head-Legal and Company Secretary)


Mohan Sitharam
(Chief People Officer)


Shankar Roddam
(Market Head-Sales and Client Relations-Emerging Markets)


Ashwin Chalapathy
(Global Head-Portfolio Management, Managed Services and Consulting)


Pankaj Parmar
(Global Head, Delivery and Client Servicing)


David Halvorson
(General Counsel)


Charles E. Crenshew
(Market Head-Sales and Client Relations-Americas)

Subex Charitable Trust (SCT) – responsibly social

The SCT believes true empowerment can only come through education and consequently lays a keen emphasis on educational initiatives along with providing financial assistance to economically disadvantaged people. This is what we got done during FY 2014-15:

- Blood donation camp
- Visit to Anandmarg School in Kolar
- Eye donation camp
- Eye check-up camp
- Nurture Merit – a programme to support education of rural students (total contribution in excess of ₹3+ lacs)
- Supporting education of students referred by Subexians. (total contribution of ₹57,000)
- Supporting medical expenses of a patient who needed to undergo dialysis
- Supporting Prerana Women's Centre with their water and electricity bills
- Old cloth/toy collection drive

Statutory Section

Board's
Report

Your Directors have pleasure in presenting the 21st Annual Report the Company on the business and operations together with the audited results for the year ended March 31, 2015.

FINANCIAL RESULTS

Amount in ₹ Lakhs

Continuing Operations	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Total Revenue	35,983.31	34,005.16	30,567.57	29,366.59
Profit/(Loss) Before Interest, Depreciation, Exceptional Items & Taxes	8,489.42	6,771.84	2,467.13	4,377.98
Interest, Depreciation & Amortization	6,506.03	6,953.70	5,430.02	5,990.14
Other Income	90.20	444.12	277.79	302.89
Profit/(Loss) before Exceptional items & tax	2,073.59	262.26	(2,685.10)	(1,309.27)
Exceptional Items	–	–	–	1,497.04
Profit/(Loss) before tax	2,073.59	262.26	(2,685.10)	(2,806.31)
Provision for taxes	572.34	936.38	154.91	146.57
Profit/(Loss) after tax	1,501.25	(674.12)	(2,840.01)	(2,952.88)
Discontinuing Operations:				
Profit/(Loss) from discontinuing operations before tax	(474.18)	(478.71)	–	–
Tax expenses of discontinuing operations on ordinary activities attributable to discontinuing operations	(5.62)	(8.44)	–	–
Profit/(Loss) after tax	(479.80)	(487.15)	–	–
APPROPRIATIONS				
Interim Dividend Preference Dividend	–	–	–	–
Dividend proposed on equity shares	–	–	–	–
Provision for tax on Dividends	–	–	–	–
Transfer to General Reserve	–	–	–	–
Surplus/(Deficit) carried to Balance Sheet	1,021.45	(1,161.27)	(2,840.01)	(2,952.88)

RESULTS OF OPERATIONS

During the financial year ended March 31, 2015, the total revenue on a standalone basis was ₹30,567.57 Lakhs as against the revenue for the previous year which was ₹29,366.59 Lakhs. The Company has during the year under review incurred a loss of ₹2,840.01 Lakhs as against loss of ₹2,952.88 Lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹35,983.31 Lakhs as against ₹34,005.16 Lakhs during the previous year. The profit for the financial year 2014-15 was ₹1,021.45 Lakhs as against loss of ₹1,161.27 Lakhs in the previous year.

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2014-15.

During the year, the Company has transferred an amount of ₹1,30,630 pertaining to the unclaimed final dividend of financial year 2006-07 to the Investor Education and Protection Fund as the same were lying unclaimed for a period of 7 years.

SHARE CAPITAL

As at March 31, 2015, the authorised share capital of the Company was ₹497,00,00,000 (Rupees Four Hundred and Ninety Seven Crores only) divided into 49,50,40,000 (Forty Nine Crores Fifty 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, 2015, the paid-up share capital of the Company stood at ₹182,92,25,750 (Rupees One Hundred Eighty Two Crores Ninety Two Lakhs Twenty Five Thousand Seven Hundred and Fifty only) consisting of 18,29,22,575 (Eighteen Crores Twenty Nine Lakhs Twenty Two Thousand Five Hundred Seventy Five) equity shares of ₹10/- each.

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. Subex's product portfolio powers the ROC and its best-in-class solutions such as revenue assurance, fraud management, asset assurance, capacity management, data integrity management, credit risk management, cost management, route optimization and partner settlement. Subex also offers a scalable Managed Services program with 30 + customers.

Subex has been awarded the Global Market Share Leader in Financial Assurance 2012 by Frost & Sullivan and has been the winner of Pipeline Innovation Award 2013 in Business Intelligence & Analytics; Capacity Magazine Best Product/ Service 2013. Subex has continued to innovate with customers and have been jointly awarded the Global Telecoms Business Innovation Award 2014 along with Telstra Global; in 2012 with Idea Cellular for Managed Services and in 2011 with Swisscom for Fraud Management.

Subex's customers include 29 of top 50 operators* and 33 of the world's 50 biggest# telecommunications service providers worldwide. The company has more than 300 installations across 70 countries (*Total Telecom Top 500 Telecom Brands, 2013 and #Forbes' Global 2000 list, 2014).

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

SUBSIDIARIES

SUBEX TECHNOLOGIES LIMITED

For the year ended March 31, 2015, Subex Technologies Limited earned a net gain of ₹3.67 Lakhs as against a net loss of ₹403.59 Lakhs last year.

Certificate of Dissolution of Subex Technologies Inc was received during year.

SUBEX (UK) LIMITED

For the year ended March 31, 2015, the consolidated income of Subex (UK) Limited was ₹30,519.87 Lakhs as against ₹32,380.87 Lakhs last year, and the net profit was ₹1,759.89 Lakhs as against a net profit of ₹714.59 Lakhs last year.

Subex (Asia Pacific) Pte Limited and Subex Inc are direct subsidiaries of Subex (UK) Limited.

SUBEX AMERICAS INC

For the year ended March 31, 2015, the consolidated income of Subex Americas Inc was ₹3,894.88 Lakhs as against ₹2,812.88 Lakhs last year, and Net Profit was ₹1,499.32 Lakhs as against a profit of ₹66.74 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.

SUBEX MIDDLE EAST (FZE)

The Company has received a trade license for Subex Middle East (FZE). Operations of this company will commence during the year 2015-16.

FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

As on March 31, 2015, the Company had outstanding FCCBs aggregating to US$ 1,000,000 under its US$ 180,000,000 2% Convertible Unsecured bonds ("FCCBs I") and US$ 1,400,000 under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II"). In July 2012, pursuant to the exchange offer of FCCBs I and FCCBs II, the Company issued US$127,721,000 5.70% Secured Convertible bonds with a maturity period due July 2017 ("FCCBs III"). Principal amount of US$ 36,321,000 were mandatorily converted during 2012-13 and US$ 3,250,000 and US$ 6,620,000 were subsequently converted into equity shares during 2012-13 and 2014-15 respectively. Pursuant to the mandatory and subsequent conversions held in 2014-15 and previous years, US$ 81,530,000 is currently outstanding under FCCBs III as on March 31, 2015.

The maturity period of un-exchanged FCCB I worth US$ 1,000,000 and the un-exchanged FCCB II worth US$ 1,400,000 was extended to March 2017.

FIXED 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-1999 (ESOP-I)

This scheme was instituted during 1999 and managed by Subex Foundation with a corpus of 1,20,000 equity shares initially. Since the scheme was formulated prior to the promulgation of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Company has discontinued the scheme.

EMPLOYEE STOCK OPTION PLAN-2000 (ESOP-II)

During 1999-2000, your Company established the Employee Stock Option Plan 2000, under which options have been allocated for grant to the employees of the Company and its subsidiaries. The Company has obtained in-principle approval for listing up to a maximum of 8,83,750 equity shares to be allotted pursuant to exercise of options granted under the scheme. 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.

In accordance with the scheme, a Compensation Committee has been formed, which grants options to the eligible employees. 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 2008-09, the Company amended the ESOP 2000 scheme by inclusion of provisions allowing employees to voluntarily surrender their vested/unvested options at any time during their employment with the Company.

During the year 2011-12, the employees voluntarily surrendered 2,41,012 stock options under ESOP 2000 scheme. Also, the company issued equivalent stock options to the aforesaid eligible employees under ESOP 2005 and ESOP 2008 scheme.

The tenure for grant of stock options under ESOP 2000 scheme has expired and the Company is only administering the outstanding stock options issued under the scheme.

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 2008-09, the Company amended the ESOP 2005 scheme by inclusion of provisions allowing employees to voluntarily surrender their vested/unvested options at any time during their employment with the Company.

During the year 2011-12, the employees voluntarily surrendered 9,64,969 stock options under ESOP 2005 scheme. Also, the company issued equivalent stock options to the aforesaid eligible employees under ESOP 2005 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 2011-12, the employees voluntarily surrendered 10,19,583 stock options under ESOP 2008 scheme. Also, the company issued equivalent stock options to the aforesaid eligible employees under ESOP 2008 scheme.

Additional information regarding the employee stock options as at March 31, 2015 is given as "Annexure A" to this report.

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 the notes to the Financial Statements.

The Company has received a trade license for Subex Middle East (FZE). Operations of this company will commence during the year 2015-16. It is proposed to invest in the capital of this subsidiary during the financial year 2015-16 upto an amount of AED 1,50,000.

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

Principal amount of US$ 5,000,000 under the Company's U.S$ 127,721,000 5.70% Secured Convertible bonds with a maturity period due July 2017 ("FCCBs III") were converted between the end of the Financial year March 31, 2015 and the date of this report. As such principal amount of US$ 76,530,000 of FCCB III are outstanding as on the date of this report.

The Board at its meeting held on May 14, 2015 approved the reset of conversion price of the FCCB III which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per share. As a result of the reset of conversion price and subject to necessary approvals, the said outstanding bonds of face value US $ 76.53 million would potentially be converted into 32,99,88,530 shares at an exchange rate of ₹56.05 and conjoint to that it is proposed to increase the authorized share capital from ₹497,00,00,000 (Rupees Four Hundred and Ninety Seven Crores only) to ₹547,00,00,000 (Rupees Five Hundred and Forty Seven Crores only).

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 all the requirements as per Clause 49 of the listing agreement of the Stock Exchanges, as amended from time to time. The Auditor's certificate on compliance with Clause 49 is included in the section on Corporate Governance in this Annual Report. 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.

DIRECTORS

As per Article 87 of the Articles of Association of the Company read with the provisions of section 152 of the Companies Act, 2013, atleast 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 14, 2014 for a period of one year from October 5, 2014 to October 4, 2015. 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 is being placed before the Members for their approval at the ensuing AGM.

Pursuant to the provisions of section 149 of the Companies Act, 2013 your Company has received a notice from a shareholder of the Company proposing the re-appointment of Mr. Anil Singhvi as an independent director of the Company to hold office for a term of 5 years. Similarly your Company has also received a notice from a shareholder proposing the re-appointment of Mr. Sanjeev Aga as an independent director to hold office for a period of 5 years. The said proposals are being placed before the shareholders at the ensuing Annual General Meeting which would need to be passed by means of special resolutions.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on March 26, 2015 appointed Ms. Nisha Dutt as an additional Independent Director for a tenure of five years subject to the approval of the shareholders at the 21st Annual General Meeting. Detailed profile of Ms. Nisha Dutt is given in the Corporate Governance section of this report.

Mr. Subash Menon founded the Company in 1992 and has been its Chief Executive Officer and Managing Director upto September 2012. Under his stewardship, Subex has transformed from a systems integrator in the telecom hardware space to a major player in the telecom software space with a focus in revenue maximisation. Mr. Subash Menon had charted the Company's growth to a global thought leader in the telecom software space with the successful launch of several products and with over 180 customers across more than 70 countries across 6 continents. The Board recognizes his contribution towards the Company.

Mr. Subash Menon has continuously been absent from attending Board Meetings since October 2012 to May 14, 2015. The company has held 14 Board Meetings during this period and he remaind absent during all those meetings. He vacated his office of directorship under the provisions of section 167(1)(b) of the Companies Act, 2013 with effect from May 14, 2015.

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

BOARD MEETINGS

During the year, 5 Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013. The dates on which meetings were held are as follows:

1. May 29, 2014
2. August 14, 2014
3. November 12, 2014
4. February 03, 2015
5. March 26, 2015

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act 2013 and Clause 49 of the Listing Agreement, the Board at its meeting held on February 3, 2015 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 - E. and the Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as Annexure – G

AUDIT COMMITTEE

The Audit Committee presently has 3 Directors as its members viz. Mr. Anil Singhvi, Chairman, Mr. Sanjeev Aga and Mr. Surjeet Singh. 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 Clause 49 of the Listing Agreement. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

AUDIT COMMITTEE MEETINGS

4 (Four) meetings of the Audit Committee of the Board were held during the financial year 2014-15. The dates on which meetings were held are as follows:

1. May 29, 2014
2. August 11, 2014
3. November 12, 2014
4. February 03, 2015

AUDITORS

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells (ICAI registration number 008072S), complete their term as the Statutory Auditors of the Company at the ensuing Annual General Meeting under the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014. The Auditors have given an unqualified Audit Report for the financial year 2014-15.

The Audit Committee have proposed the appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants, Bengaluru (Firm Registration Number 101049W as the auditors of the Company to hold office from the conclusion of the 21st Annual General Meeting upto the conclusion of the 26th Annual General Meeting. The Company has received from the proposed auditor a certificate of satisfaction of the criteria provided under section 141 of the Act. As such the Board places the said proposal for appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants before the shareholders of the Company.

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 B". The Secretarial Auditors have given an unqualified report for the financial year 2014-15.

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 C.

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.

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 Company holds several patents for its technological innovations. The telecommunications domain, in which your Company operates, is subject to high level of obsolescence and rapid technological changes. 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 expenses 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

Your Company has over the years shifted its focus from software services to software products. This has resulted in substantial foreign exchange earnings as compared to previous year. During the year 2014-15 total foreign exchange inflow and outflow is as follows:

i) Foreign Exchange earnings ₹26,710.06 Lakhs (Previous Year ₹27,867.41 Lakhs)

ii) Foreign Exchange outgo ₹15,429.51 Lakhs (Previous Year ₹17,000.16 Lakhs)

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

CORPORATE SOCIAL RESPONSIBILITY

While it is not mandatory for your Company to constitute a CSR Committee as it does not satisfy the criteria mentioned in section 135 of the Act, the Board at its meeting held on August 14, 2014 has constituted a CSR Committee comprising of the following directors:

1. Mr. Anil Singhvi (Chairman)
2. Mr. Sanjeev Aga
3. Mr. Surjeet Singh
4. Mr. Karthikeyan Muthuswamy

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 and eye donation camp, 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. A gist of activities undertaken by the Trust has been provided as a separate section in this Annual Report.

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 Risk Management Committee assists the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks. The Committee also ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

HUMAN RESOURCE MANAGEMENT

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

Pursuant to the provisions of section 134(5)(e) of the Act, 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 size of the company. Further, it is believed that the controls are largely operating effectively since there has not been any identification of any major material weakness in the company. The directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect.

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 were 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 Audit function, 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). Your Company being in the IT space conducts internal audits of Information Systems twice a year covering projects and functional groups. Internal audits of such nature are conducted across all locations, 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.

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 is posted on the website of the Company under the link http://www.subex.com/corporate-governance/. There were no complaints during the year 2014-15.

DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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 also 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 developed a Related Party Transactions checklist, for identification and monitoring of such transactions.

The company 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 had 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 have 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 F

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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".

LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2014-15 to NSE and BSE where the Company's shares are listed.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) 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, 2015 and of the loss 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 provision 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, 2015 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.

APPRECIATION/ACKNOWLEDGEMENTS

We thank our 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	Anil Singhvi *Director* DIN: 00239589
Nisha Dutt *Director* DIN: 06465957	Sanjeev Aga *Director* DIN: 00022065

Mumbai, India
May 14 , 2015

ANNEXURE A TO BOARD'S REPORT

Additional Information as at March 31, 2015 as per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Sl.No	Particulars	ESOP 2000	ESOP 2005	ESOP 2008
1.	Net options granted as on March 31, 2015	2,39,628	7,53,511	4,75,010
	Options granted during the year	–	–	–
2.	Pricing formula	As mentioned earlier in the report	As mentioned earlier in the report	As mentioned earlier in the report
3.	Options vested but not exercised as on March 31, 2015	1,925	6,66,967	4,75,010
4.	Options exercised as on March 31, 2015	2,37,703	12,439	–
	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, 2015	–	–	–
7.	Options lapsed/cancelled/ surrendered as on March 31, 2015	996,944	50,85,407	18,58,527
	Options lapsed/cancelled/ surrendered during the year	1,050	1,22,878	92,508
8.	Variation of terms of options	None	None	None
9.	No. of employees covered	3	192	26
10.	Employee wise details of options granted during the year under review to:	–	–	–
	(i) Senior 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'			

Sl.No	Particulars	ESOP 2000	ESOP 2005	ESOP 2008
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.	Weighted-average exercise price is ₹67	Weighted-average exercise price is ₹27.99	Weighted-average exercise price is ₹28.49
14.	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	Refer Note 27 in Standalone Financial 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

Anil Singhvi
Director
DIN: 00239589

Nisha Dutt
Director
DIN: 06465957

Sanjeev Aga
Director
DIN: 00022065

Mumbai, India
May 14 , 2015

ANNEXURE B TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FORM NO MR-3

FOR THE FINANCIAL YEAR ENDED: March 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.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 me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Subex Limited'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 audit period covering the financial year ended on March 31, 2015 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 Subex Limited ("the Company") for the financial year ended on March 31, 2015 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, 1992;
- (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;
- (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
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) SEZ Act, 2005 read with SEZ Rules, 2006

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Ltd. and NSE Ltd.

We have not examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India as they had not been approved by the Central Government up to March 31, 2015.

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

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, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that 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 were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **V. SREEDHARAN & ASSOCIATES**

Place: Bangalore **Pradeep B. Kulkarni**

Date: 14th May, 2015 *Partner*

ANNEXURE C TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Particulars	Sekharan Y Menon	Vinod Kumar Padmanabhan	Shiva Shankar Naga Roddam	Ashwin Chalapathy	Ganesh K V
Designation of the employee	Chief People & Admin Officer	Chief Operating Officer	Market Head – Sales and Client Relations – Emerging Markets	Global Head - Portfolio Management, Managed Services & Consulting	Chief Financial Officer, Global Head – Legal and Company Secretary
Remuneration received	₹76,07,640	₹1,48,77,490	₹1,04,56,464	₹98,54,020	₹69,13,708
Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent	Permanent	Permanent
Qualifications and experience of the employee	PGISB 29 Yrs	B.Tech 25 Yrs	MBA, BE (AMIETE), BA 20 Yrs	M.Sc. (Computer Science) 20 Yrs	DTM(ICA), SMP(IIM-C),CA, CS 27 Yrs
Date of commencement of employment	Sep 1, 1996	Oct 15, 1997	Oct 19, 2003	Jan 15, 2007	Nov 27, 2012
The age of such employee	47 Yrs	45 Yrs	41 Yrs	43 yrs	52 Yrs
The last employment held by such employee before joining the company	Yokogawa Blue Star	Crompton Greaves	Bharti Telesoft	Siemens	Opto Circuits
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%	0.01%	NA	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	NA	NA

ANNEXURE D TO BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2015
[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	6th 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-560037
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,1st Floor, No.218 2nd Main, Sampige Road (Near 14th 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.	Managed Services		34%
2	Support Services	892	30%
3	License & Additional License		36%

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 Limted	U74140KA2005PLC035905	Subsidiary	100	2 (87)
2.	Subex Americas Inc	Foreign Company	Subsidiary	100	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)

Certificate of Dissolution of Subex Technologies Inc was received during year.

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	29,52,844	–	29,52,844	1.77	4,52,844	–	4,52,844	0.25	(1.52)
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	35,21,200	–	35,21,200	2.11	5,21,200	–	5,21,200	0.28	(1.83)
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**64,74,044**	**–**	**64,74,044**	**3.88**	**9,74,044**	**–**	**9,74,044**	**0.53**	**(3.35)**
(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)	**64,74,044**	**–**	**64,74,044**	**3.88**	**9,74,044**	**–**	**9,74,044**	**0.53**	**(3.35)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	3,46,001	–	3,46,001	0.19	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	78,764	–	78,764	0.05	78,764	–	78,764	0.04	(0.01)
g) FIIs	97,409	–	97,409	0.06	94,000	–	94,000	0.05	(0.01)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**1,76,173**	**–**	**1,76,173**	**0.11**	**5,18,765**	**–**	**5,18,765**	**0.28**	**0.17**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,02,60,898	400	2,02,61,298	12.16	2,05,76,969	400	2,05,77,369	11.25	(0.91)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	3,66,10,130	48,787	3,66,58,917	22	4,34,59,323	48,783	4,35,08,106	23.78	1.78
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	3,19,93,121	–	3,19,93,121	19.20	4,25,16,455	–	4,25,16,455	23.24	4.04

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	3,100	–	3,100	–	3,100	–	3,100	–	–
Director & their relatives	60,000	–	60,000	0.04	60,000	–	60,000	0.03	(0.01)
Foreign Nationals	1,02,327	–	1,02,327	0.06	83,852	–	83,852	0.05	(0.01)
Escrow Account	–	–	–		–	–	–	–	–
Market Maker	–	–	–		–	–	–	–	–
Non Resident Indians	15,35,815	–	15,35,815	0.92	21,75,289	–	21,75,289	1.19	0.27
O C Bs	–	–	–	––	–	–	–	–	–
Societies	–	–	–	–	–	–	–	–	–
Clearing Members	4,88,498	–	4,88,498	0.29	8,12,368	–	8,12,368	0.44	0.15
Shares in transit	–	–	–		–	–	–		
Hindu Undivided Families	29,26,018	–	29,26,018	1.76	45,99,199	–	45,99,199	2.51	0.75
NRIs/OCBs	–	–	–	–	–	–	–	–	–
Foreign Corporate Bodies	6,36,87,076	–	6,36,87,076	38.22	6,62,17,987	–	6,62,17,987	36.20	(2.02)
Partnership Firms	–	–	–	–	–	–	–	–	–
Custodian of Enemy Property	–	–	–	–	–	–	–	–	–
Foreign Collaborators	–	–	–	–	–	–	–	–	–
ESOPs/ESOS/ESPS Employee shareholders	4,72,595	1,670	4,74,265	0.28	6,31,164	1,670	6,32,834	0.35	0.07
Sub-Total(B)(2)	**15,81,39,578**	**50,857**	**15,81,90,435**	**94.93**	**18,11,35,706**	**50,853**	**18,11,86,559**	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**15,83,15,751**	**50,857**	**15,83,66,608**	**95.04**	**18,16,54,471**	**50,853**	**18,17,05,324**	–	–
C. Shares held by Custodian for GDRs & ADRs	17,99,310	–	17,99,310	1.08	2,43,207	–	2,43,207	0.13	(0.95)
Grand Total (A+B+C)	**16,65,89,105**	**50,857**	**16,66,39,962**	**100**	**18,28,71,722**	**50,853**	**18,29,22,575**	**100**	–

(The Shareholding includes 15,98,746 equity shares converted on March 24, 2015 upon conversion of US$ 650,000 worth of FCCB III bonds)

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	35,21,200	2.11	35,21,200	5,21,200	0.28	5,21,200	(1.83)
2	Subash Menon	25,80,601	1.55	25,80,601	80,601	0.04	80,601	(1.51)
3	Sudeesh Yezhuvath	3,72,243	0.22	3,72,243	3,72,243	0.20	3,72,243	(0.02)

III. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's 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
1.	Kivar Holdings Private Limited				
	At the beginning of the year	35,21,200	2.11		
	Sale of 9,05,000 shares on 1st October 2014			26,16,200	1.55
	Sale of 2,14,000 shares on 7th October 2014			24,02,200	1.42
	Sale of 1,95,000 shares on 8th October 2014			22,07,200	1.30
	Sale of 1,86,000 shares on 9th October 2014			20,21,200	1.20
	Deduction of 15,00,000 shares during December 2014			5,21,200	0.30
	Reasons for decrease	1. Decrease in shares of KHPL from 35,21,200 equity shares to 20,21,200 equity shares due to sale of shares. 2. Decrease in shares of KHPL from 20,21,200 equity shares to 5,21,200 equity shares –Information Not Available.			
2.	Subash Menon				
	At the begining of the year	25,80,601	1.55		
	Decrese of 25,00,000 shares during Dec, 2014			80,601	0.04
	Reasons for decrease	1. Decrease in shares of Subash Menon from 25,80,601 equity shares to 80,601 equity shares-Information Not Available			
3.	Sudeesh Yezhuvath	3,72,243	0.22	3,72,243	0.22
	At the End of the year				
1.	Kivar Holdings Private Limited	5,21,200	0.28	5,21,200	0.28
2.	Subash Menon	80,601	0.04	80,601	0.04
3.	Sudeesh Yezhuvath	3,72,243	0.20	3,72,243	0.20

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		Cumulative Shareholding during 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	1,21,26,142	7.28	1,21,26,142	6.63
2.	Suffolk (Mauritius) Limited	1,12,57,632	6.76	1,12,57,632	6.15
3.	Deutsche Bank AG London- CB Account	1,08,92,721	6.54	1,08,92,721	5.95
4.	Nomura Singapore Limited	1,02,34,433	6.14	1,02,34,433	5.59
5.	Merrill Lynch Capital Markets Espana S.A. S.V	1,01,92,621	6.12	1,01,92,621	5.57
6.	Mansfield (Mauritius) Limited	61,14,589	3.67	61,14,589	3.34
7.	UNO Metals Limited	46,00,000	2.76	31,00,000	1.69
8.	Vishanji Shamji Dedhia	NIL	NIL	19,00,000	1.04
9.	Credit Suisee (Singapore) Limited	16,46,647	0.99	16,46,647	0.90
10.	Quintessence Mauritius West Fund	12,21,746	0.73	12,21,746	0.67

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	NIL	NIL	NIL
2.	Anil Singhvi	60,000	0.04	60,000	0.04
3.	Sanjeev Aga	NIL	NIL	NIL	NIL
4.	Karthikeyan Muthuswamy	NIL	NIL	NIL	NIL
5.	Subash Menon (Vacated office w.e.f May 14, 2015)	25,80,601	1.55	25,80,601	1.55
6.	Nisha Dutt (Appointed w.e.f. 26/03/15)	NIL	NIL	NIL	NIL
7.	Ganesh KV	NIL	NIL	NIL	NIL

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
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):	1. Decrease in shares of Subash Menon from 25,80,601 equity shares to 80,601 equity shares- Information Not Available			
	At the End of the year				
1.	Surjeet Singh	NIL	NIL	NIL	NIL
2.	Anil Singhvi	60,000	0.03	60,000	0.03
3.	Sanjeev Aga	NIL	NIL	NIL	NIL
4.	Karthikeyan Muthuswamy	NIL	NIL	NIL	NIL
5.	Subash Menon	80,601	0.04	80,601	0.04
6.	Nisha Dutt	NIL	NIL	NIL	NIL
7.	Ganesh KV	NIL	NIL	NIL	NIL

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	67,632.30	1,438.03	–	69,070.33
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	5,271.80*	–	–	5,271.80
Total (i+ii+iii)	**72,904.10**	**1,438.03**	**–**	**74342.13**
Change in Indebtedness during the financial year				
■ Addition (In interest accrued)	3,235.34*	–	–	3,235.34*
■ Addition / Reduction (In principal amount)	(4,169.59)	62.05	–	(4,107.54)
Net Change	(859.59)	62.05	–	(797.54)
Indebtedness at the end of the financial year				
i) Principal Amount	63,462.71	1,500.08	–	64,962.79
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	8,507.14	–	–	8,507.14
Total (i+ii+iii)	**71,969.85**	**1,500.08**	**–**	**73,469.93**

(* The amounts are for both the Securd (FCCB's III) & Unsecured (FCCB's I & II) Loans)

VI. REMUNERATION OF DIRECTORS AND KEY 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)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.26	15.26
	(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		15.26
	Ceiling as per the Act	42,00,000 p.a as per Section II of Part II of Schedule V of the Act	42.00

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount (In ₹)
		Sanjeev Aga (In ₹)	Anil Singhvi (In ₹)	Nisha Dutt (In ₹)	
1.	Independent Directors				
	Fee for attending board/ committee meetings	6,00,000	6,50,000	–	12,50,000
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	6,00,000	6,50,000	–	12,50,000
2.	Other Non-Executive Directors	Karthikeyan Muthuswamy	Subash Menon		
	Fee for attending board/ committee meetings	–	–		–
	Commission	–	–		–
	Others, please specify	–	–		–
	Total (2)	–	–		–
	Total (B)=(1+2)	6,00,000	6,50,000		12,50,000
	Total Managerial Remuneration	–	–	–	-
	Overall Ceiling as per the Act	17,00,000 [₹1,00,000 per meeting for 17 meetings in FY 2014-15]	17,00,000 [₹1,00,000 per meeting for 17 meetings in FY 2014-15]		34,00,000

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, Global Head - Legal & Company Secretary	Total Amount
1.	Gross salary		
	(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹64,19,351	₹64,19,351
	(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)		₹4,94,357
	Total (1+2+3+4+5)		**₹69,13,708**
	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	159 (Companies Act, 1956)	The Company was required to file the annual return for the annual general meeting held on September 28, 2012 on or before November 27, 2012. However due to unavoidable circumstances, the same could be filed only on June 6, 2013. Subsequent to the filing of the annual return, the Company applied to the Company Law Board (CLB) to compound the offence of delay in filing of the annual return which was granted on May 7, 2014.	₹50,000/-	CLB, Chennai	–

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: *(Contd.)*

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)
B. DIRECTORS 1. Surjeet Singh 2. Sanjeev Aga 3. Anil Singhvi 4. Karthikeyan Muthuswamy					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	159 (Companies Act, 1956)	The Company was required to file the annual return for the annual general meeting held on September 28, 2012 on or before November 27, 2012. However due to unavoidable circumstances, the same could be filed only on June 6, 2013. Subsequent to the filing of the annual return, the Company applied to the Company Law Board (CLB) to compound the offence of delay in filing of the annual return which was granted on May 7, 2014.	₹20,000 on each director	CLB, Chennai	–
C. OTHER OFFICERS IN DEFAULT Ganesh KV Chief Financial Officer & Company Secretary					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	159 (Companies Act, 1956)	The Company was required to file the annual return for the annual general meeting held on September 28, 2012 on or before November 27, 2012. However due to unavoidable circumstances, the same could be filed only on June 6, 2013. Subsequent to the filing of the annual return, the Company applied to the Company Law Board (CLB) to compound the offence of delay in filing of the annual return which was granted on May 7, 2014.	₹20,000	CLB, Chennai	–

ANNEXURE E

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

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 Senior Management (i.e. Executive Leadership Team)

In determining the remuneration of the Senior Management Employees (Executive Leadership Team Members) 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 F

FORM NO. AOC.2

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 arms length transactions under third proviso thereto

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

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 Technologies Inc (e) Subex (Asia Pacific) Pte Limited (f) Subex Inc (All the aforementioned entities are wholly owned subsidiaries of Subex Limited) (g) Surjeet Singh (Managing Director & CEO) (h) Ganesh KV (CFO, Global Head - Legal & Company Secretary)

(b)	Nature of contracts/ arrangements/ transactions A. Sub-Contracting Transactions: i) Subex (UK) Limited ii) Subex (Asia Pacific) Pte Ltd iii) Subex Americas Inc iv) Subex Inc B. Marketing & Allied Services Expense Transactions: i) Subex (UK) Limited 2) Subex (Asia Pacific) Pte Ltd iii) Subex Americas Inc iv) Subex Inc C. Salary & Perquisites i) Surjeet Singh ii) Ganesh KV D. Interest received on Inter Company Loans: i) Subex Americas Inc. E. Expenses allocated to / (from): i) Subex (UK) Ltd ii) Subex, Inc. iii) Subex (Asia Pacific) Pte Ltd iv) Subex Americas Inc.	F. Reimbursement made to: i) Subex (Asia Pacific) Pte Ltd ii) Subex (UK) Ltd iii) Subex Inc. iv) Subex Technologies Ltd G. Reimbursement received from: i) Subex (Asia Pacific) Pte Ltd ii) Subex (UK) Ltd iii) Subex Inc. H. Provisions/ Write off/(Write back) made during the year: i) Subex Technologies Inc ii) Subex Americas Inc iii) Subex Technologies Ltd I. Guarantees/Collateral: i) Subex UK ii) Subex Technologies Ltd J. Repayment of Loans & Advances: i) Subex Technologies Ltd
(c)	Duration of the contracts/ arrangements/ transactions	The transactions mentioned in A, B, D and I as mentioned 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 plus markup 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 Further details are mentioned in note number 31 to the Standalone Financial Statements. Salary and perquisites details of Mr. Surjeet Singh and Mr. Ganesh KV are available in Form MGT. 9 attached to the Board Report
(e)	Date(s) of approval by the Board, if any:	August 14, 2014 and May 14, 2015
(f)	Amount paid as advances, if any:	NA

For **Subex Limited**

Surjeet Singh
Managing Director & CEO
DIN:05278780

Anil Singhvi
Director
DIN: 00239589

Nisha Dutt
Director
DIN: 06465957

Sanjeev Aga
Director
DIN: 00022065

Mumbai, India
May 14 , 2015

ANNEXURE G

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;	2.56:1.00
(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;	73.34%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	11.73%
(iv)	the number of permanent employees on the rolls of company;	682
(v)	the explanation on the relationship between average increase in remuneration and company performance;	The increase in median remuneration of employees is in line with the remuneration policy of the Company where employees are given increments as per their performance. Further the increase in median remuneration is also in line with industry standards
(vi)	comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company;	The remuneration of the KMP's are in line with the remuneration policy of the Company where their remuneration is determined based on their performance which is correlated to the performance of the Company. Further the remuneration of the KMP's are as per industry standards also. The comparison data is given in point (ix) below.
(vii)	variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	The market capitalization of the Company as on March 31, 2015 increased by 17.15% when compared to previous year ended March 31, 2014. Further the market capitalization of the Company as on March 31, 2015 increased by 86.88% when compared to the market capitalization when the Company came out with the last public offer (i.e. 23 July 1999). The EPS of the Company as on March 31, 2015 has improved by 7.27% when compared to the EPS on March 31, 2014.
(viii)	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;	The average percentile increase for employees was 11.49% while for managerial personnel it was 73.34%. Variable pay constitutes an integral part of the remuneration of managerial personnel. The increase in managerial remuneration is mainly on account of payment of variable pay which is directly related to the performance of the individual contributing to the performance of the Company, measured in predetermined yardsticks.
(ix)	comparison of each remuneration of the Key Managerial Personnel against the performance of the company	Mr. Surjeet Singh, Managing Director & CEO remuneration constitutes 0.55% of the EBIDTA of the Company while for Mr. Ganesh K V, CFO & CS it is 2.52% of EBIDTA
(x)	the key parameters for any variable component of remuneration availed by the directors;	Not applicable
(xi)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	0.75:1.00
(xii)	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

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 as regards 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 (the Company) compliance with the Corporate Governance guidelines as stipulated by the stock exchanges 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's Corporate Governance policies 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. Subex Code of Corporate Governance has been drafted in compliance with the code of "Corporate Governance" as promulgated by the Securities and Exchange Board of India (SEBI) in its meeting held on January 25, 2000 and amendments made thereto, from time to time.

II. BOARD OF DIRECTORS

As on March 31, 2015, the Board of Directors of Subex Limited comprises 6 directors out of which 1 is an executive director, 1 is a non-executive non independent director, 3 are independent directors and 1 is a nominee director.

Details of the composition of the Board of Directors and their attendance and other particulars are given below. These details reflect the position as at March 31, 2015 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, 2015

Category	No. of Directors	%
Independent Directors	3	50.00
Executive Directors	1	16.67
Non-Executive Non Independent Directors	1	16.67
Nominee Directors	1	16.66
Total	**6**	**100.00**

B. Attendance of Directors at the Board Meetings and the Last AGM and Details about Directorships and Membership in Committees as on March 31, 2015

Director	Position	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attendance	No. of Directorships in Other Companies ▲	No. of Committees in which the Director is a Chairman ■	No. of Committees in Which the Director is Member ■
Mr. Surjeet Singh	Managing Director and Chief Executive Officer	5	4	Yes	1	–	2
Mr. Anil Singhvi	Independent Director	5	5	Yes	6	2	5
Mr. Sanjeev Aga	Independent Director	5	4	No	5	1	6
Mr. Karthikeyan Muthuswamy#	Nominee Director	5	4	Yes	1	–	2
Mr. Subash Menon+	Non-Executive Director	5	–	No	–	–	–
Ms. Nisha Dutt*	Independent Director	–	–	–	1	–	–

▲ Excluding private limited companies & overseas companies.

■ Includes only Audit Committee and Stakeholders Relationship Committee. Memberships in Committees of Subex Limited are included.

Mr. Karthikeyan Muthuswamy is nominated by the Foreign Currency Convertible Bonds (FCCB's) Holders

* Ms. Nisha Dutt was appointed by the Board of Directors as an Additional Independent Director at their meeting held on March 26, 2015

+ Mr. Subash Menon vacated office of Directorship under the provisions of section 167(1)(b) of the Companies Act, 2013 with effect from May 14, 2015

C. Number and Dates of Board Meetings

5 (Five) Board meetings were held during the financial year 2014-15. The dates on which meetings were held are as follows:

1. May 29, 2014
2. August 14, 2014
3. November 12, 2014
4. February 03, 2015
5. March 26, 2015

D. Brief Details of Directors Seeking Appointment/Re-appointment:

Mr. Surjeet Singh, Managing Director & CEO

Mr. Surjeet Singh is a seasoned management professional and business leader with over two decades of multi-industry global experience in leading Finance, Corporate Development, Business Planning and Global operations functions. He has a successful corporate and entrepreneurial track record of building organizations and fostering collaboration in large and culturally diverse cross functional teams. He was the Global Chief Financial officer of Patni Computer Systems where he played key role in shaping business transformation including significant improvements in operating metrics and processes, structuring large platform deals with fortune 500 customers, seamless management transitions, upholding highest standards of financial and corporate governance. He was instrumental in helping realize maximum shareholder value with successful exit of majority shareholders at Patni. Prior to this, Mr. Surjeet Singh was part of founding team of Cymbal Corporation, a mid-sized telecom BSS systems integration boutique out of silicon valley which was acquired by Patni in 2004 for $68M, which at the time was one of the largest cross border services transaction by an Indian company. In early part of his career, Mr. Surjeet Singh held various finance and operations roles at Ranbaxy - a global multinational pharmaceutical company during its internationalization phase in the 90's. Mr. Surjeet Singh is a fellow of the Institute of Costs and Works Accountants, India, Certified Public Accountant from AICPA, USA. He holds a B.S. in Finance from the University of Pune and is a graduate of Advanced Management Program from Harvard Business School.

He is a member of the Audit Committee, a member of Stakeholders Relationship Committee, a member of the CSR Committee, a member of the Risk Management Committee and the Chairman of the General Management Committee of the Board of Directors of the Company.

As on the date of this report, Mr. Surjeet Singh does not hold any equity shares of the Company.

Mr. Anil Singhvi, Independent Director

Mr. Anil Singhvi is the Chairman of Ican Investments Advisors Pvt Ltd. Prior to establishing Ican Investments, he was Advisor to Reliance ADA Group for about 2 years. He has over 30 years of experience in corporate sector, out of which 22 years were spent with Ambuja Cements Ltd, where he rose from Manager to Managing Director & CEO.

A Chartered Accountant, Mr. Anil Singhvi played a defining role in making of Ambuja Cements. He conceptualized and advised merger of Enam, one of the largest investment banks in India, with Axis Bank, a deal involving around US$ 500 million. He is on the Boards of various companies, some of which are Hindustan Construction Co. Ltd, Greatship (India) Limited, HCC Infrastructure Ltd and Financial Technologies (India) Limited.

He is the Chairman of the Audit Committee, the Nomination and Remuneration Committee, the CSR Committee, the Risk Management Committee, a member of Stakeholders Relationship Committee, a member of the General Management Committee and a member of Employees' Stock Options Committee of the Board of Directors of the Company.

As on date of this report, he holds 60,000 equity shares of the Company.

Mr. Sanjeev Aga, Independent Director

Business leader, organization builder, adviser and mentor, Sanjeev Aga's career has traversed 38 years, and sectors from consumer and services, entertainment and light engineering, to telecommunications.

In a business career commencing 1973, Sanjeev Aga held senior positions in Asian Paints, Chellarams (Nigeria), and Jenson & Nicholson. In 1987, he joined Blow Plast to head the Furniture business, was made Chief Executive of Mattel Toys in 1990, and in January 1993 was appointed Managing Director of Blow Plast with multi-business responsibility including the flagship VIP Luggage business. In November 1998, he was appointed CEO of the telecom JV, Birla AT&T. He led the company through expansions, mergers and acquisitions to be CEO of Birla Tata AT&T, which was renamed Idea Cellular. In July 2002, Mr. Aga left Idea to be with the Aditya Birla Group, where from May 2005 until October 2006, he was Managing Director of Aditya Birla Nuvo.

For 2009, Idea Cellular was named the 'ET Emerging Company of the Year', and for 2010, Forbes India magazine shortlisted Mr. Sanjeev Aga as a 'Person of the Year'. Mr. Sanjeev Aga is an Honours graduate in Physics from St. Stephen's College, Delhi (1971) and a post graduate from the Indian Institute of Management, Kolkata (1973). Mr. Sanjeev Aga is based in Mumbai, and now engages in advisory and consultant roles for corporates and not-for-profit organizations. He reads widely, speaks, and occasionally, writes.

He is the Chairman of the Stakeholder Relationship Committee and Employees' Stock Options Committee, a member of the Audit Committee, a member of the Nomination and Remuneration Committee, a member of the CSR Committee, a member of the Risk Management Committee and a member of the General Management Committee.

As on date of this notice, he does not hold any equity shares of the Company.

Ms. Nisha Dutt, Independent Woman Director

Ms. Nisha is the Executive Director and a member of the board at Intellecap. She has spent over a decade and a half in consulting across both mainstream and development projects in over dozen countries. She has a keen understanding of markets and consumer behavior at the base of the pyramid, and works on addressing a range of challenges for clients across inclusive business divisions, international foundations and development finance institutions.

Ms. Nisha has worked on several inclusive business projects in Africa, in countries like Malawi, Nigeria, and Kenya. In her role as Executive Director Intellecap, she is also spearheading Intellecap's expansion to East Africa.

Prior to joining Intellecap, Ms. Nisha worked with Deloitte Consulting, specializing in TMT (technology, media and telecommunications) in the areas of strategic assessments and mergers & acquisitions. She has deep expertise in supply chain management, supplier management, and outsourcing-offshoring from her previous work experiences.

As on date of this notice, she does not hold any equity shares of the Company.

E. Vacation of office by Mr. Subash Menon:

Mr. Subash Menon founded the Company in 1992 and has been its Chief Executive Officer and Managing Director upto September 2012. Under his stewardship, Subex has transformed from a systems integrator in the telecom hardware space to a major player in the telecom software space with a focus in revenue maximisation. Mr. Subash Menon had charted the Company's growth to a global thought leader in the telecom software space with the successful launch of several products and with over 180 customers across more than 70 countries across 6 continents. The Board recognizes his contribution towards the Company.

Mr. Menon has not attended all 14 meetings of the Board held from October 2012 to May 14, 2015. He vacated his office of directorship under the provisions of section 167(1)(b) of the Companies Act, 2013 with effect from May 14, 2015.

Details of Directors as on March 31, 2015 seeking appointment/re-appointment at the Twenty First Annual General Meeting scheduled to be held on June 19, 2015

(Pursuant to Clause 49(VIII)(E)(1) of the Listing Agreement)

Name of Director	Surjeet Singh	Anil Singhvi	Sanjeev Aga	Nisha Dutt
Date of birth	March 8, 1968	June 30, 1959	February 1, 1952	February 16, 1976
Date of appointment	October 5, 2012	April 11, 2011	May 17, 2011	March 26, 2015
Relationship with Directors	None	None	None	None
Expertise in specific functional area	Wide managerial experience	Wide managerial experience	Wide managerial experience	Supply chain management, Supplier management, and Outsourcing-offshoring
Board Membership of other companies as on March 31, 2015	Subex Technologies Limited	Hindustan Construction Company Limited	Idea Cellular Limited	Financial Technologies (India) Limited
	Subex Americas Inc	Institutional Investor Advisory Services India Limited	Pidilite Industries Limited	Intellecap Software Technologies Private Limited
	Subex (UK) Limited	Financial Technologies (India) Limited	UFO Moviez India Limited	Intellectual Capital Advisory Services Private Limited
	Subex (Asia Pacific) Pte Limited	HCC Infrastructure Company Limited	Mahindra Holidays and Resorts India Limited	
	Subex Inc	Greatship (India) Limited	Mahindra Logistics Limited	
	Subex Azure Holdings Inc	Lavasa Corporation Limited		
		Ican Investments Advisors Private Limited (as Chairman)		

Details of Directors as on March 31, 2015 seeking appointment/re-appointment at the Twenty First Annual General Meeting scheduled to be held on June 19, 2015

(Pursuant to Clause 49(VIII)(E)(1) of the Listing Agreement) *Contd.*

Name of Director	Surjeet Singh	Anil Singhvi	Sanjeev Aga	Nisha Dutt
Chairman/Member of the committee of the Board of Directors of other companies in which he is a director as on March 31, 2015				
1. Audit Committee		1. Hindustan Construction Company Limited 2. Lavasa Corporation Limited (as Chairman) 3. HCC Infrastructure Company Limited	1. Mahindra Logistics Limited 2. UFO Moviez India Limited	
2. Nomination & Remuneration/ Compensation Committee		1. Hindustan Construction Company Limited (as Chairman) 2. HCC Infrastructure Company Limited	1.Mahindra Logistics Limited 2. UFO Moviez India Limited	
3. Shareholders' Grievance Committee			1.Pidilite Industries Limited 2.Idea Cellular Limited	
4. Other Committees		Hindustan Construction Company Limited- Selection Committee	1. Finance Committee and Security Allotment Committee- Idea Cellular Limited 2. Strategy Committee- Mahindra Holidays and Resorts India Limited 3. MLL Key Executives Stock Option Scheme-2012 Committee- Mahindra Logistics Limited 4. Investment Committee-Mahindra Holidays & Resorts Limited	CSR Committee- Financial Technologies (India) Limited

Having regard to the expertise in the field of management and corporate governance, it is in the interests of the Company to continue to avail the services of Mr. Anil Singhvi, independent director. It is also in the interests of the Company to continue to avail the services of Mr. Sanjeev Aga, independent director who brings rich managerial and corporate governance experience to the Board of the Company. Ms. Nisha Dutta was appointed on the Board on March 26, 2015. She has deep expertise in supply chain management, supplier management, and outsourcing-offshoring from her previous work experiences. It is in the interests of the Company to continue to avail her services. Detailed profile of these directors forms a part of this report.

Disclosure in terms of Clause 49 (VIII) (E) (2) of the Listing Agreement

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

III. AUDIT COMMITTEE

A. Terms of Reference

The Audit Committee has, inter alia, the following mandate:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation of appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Review of annual financial statements before submission to the Board;
- Review of adequacy of internal control systems;
- Review of adequacy of internal audit function, reporting structure coverage, frequency of internal audit, and findings of any internal investigations by the internal auditors;
- Discussion 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;
- Review of the Company's financial and Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person eheading 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 provisions of the Companies Act 2013, regulatory changes formulated by SEBI, the listing agreements with the Stock Exchanges on which Subex is listed and international best practices.

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

B. Composition of Audit Committee as at March 31, 2015

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Sanjeev Aga	Independent Director
Mr. Surjeet Singh	Managing Director and CEO

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

C. Meetings and Attendance during the Year

During the financial year 2014-15, four Audit Committee meetings were held on May 29, 2014, August 11, 2014, November 12, 2014, and February 03, 2015. The quarterly results for the quarters April-June 2014, July-September 2014 and October-December 2014 were taken on record on August 11, 2014, November 12, 2014, and February 03, 2015 respectively.

D. Attendance of Committee Members at the Audit Committee Meetings Held During the Financial Year 2014-15:

Member	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Sanjeev Aga	4	4
Mr. Surjeet Singh	4	3

Deloitte Haskins & Sells, the statutory auditors of the Company have attended all the Audit Committee Meetings held during the year.

The Internal Auditors of the Company attended the meetings of the Audit Committee held on May 29, 2014, November 12, 2014 and February 03, 2015.

IV. NOMINATION AND REMUNERATION COMMITTEE

A. Composition of the Committee

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Sanjeev Aga	Independent Director
Mr. Karthikeyan Muthuswamy	Nominee Director

The Committee considers the performance of the Company as well as general industry trends while fixing the remuneration of Executive Directors. The said Committee have as additional terms of reference, the recommendation of appointment of directors, including Managing Director and Whole Time Director by whatever name called by the Company.

Mr. Surjeet Singh ceased to be a member of the Nomination and Remuneration Committee during the year.

At its meeting held on 11th August, 2014, the Committee approved the terms and conditions of the re-appointment and remuneration of Mr. Surjeet Singh for the period from October 5, 2014 to October 4, 2015, which are being placed before the Members for their approval at the ensuing Annual General Meeting.

B. Details of Remuneration of Directors

(Amount in ₹ Lakhs)

Name	Salary	Benefits	Commission	Total
Mr. Surjeet Singh	15.26	-	a. Medical Reimbursement: Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or aboard, for self and family, including hospitalization, surgical charges, nursing charges and domiciliary charges for self and for family, as per the policy of the Company or as approved by the Board of Directors . b. Insurance: Personal accident insurance and keyman or other insurance as per the policy of the Company or as approved by the Board of Directors. 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.	15.26
Mr. Anil Singhvi	–	–	–	–
Mr. Sanjeev Aga	–	–	–	–
Mr. Subash Menon	–	–	–	–
Mr. Karthikeyan Muthuswamy	–	–	–	–
Ms. Nisha Dutt	–	–	–	–

C. Details of Shareholding of Non- Executive Directors:

In terms of Clause 49(IV)(E)(iv) of the Listing Agreement, the details of shares held by Non- Executive Directors are as under:

Name	No. of Shares Held as at March 31, 2015
Mr. Anil Singhvi	60,000
Mr. Sanjeev Aga	NIL
Mr. Subash Menon	80,601
Mr. Karthikeyan Muthuswamy	NIL
Ms. Nisha Dutt	NIL

The Independent Directors are paid sitting fees of ₹50,000 per meeting for attendance in the Audit Committee Meetings and Board Meetings and sitting fees of ₹25,000 per meeting of any other Committee of the Board.

Details of sitting fees paid to such directors are as follows:

(Amount in ₹)

May 29, 2014	Anil Sighvi	Sanjeev Aga
Board Meeting	50,000	50,000
Audit Committee	50,000	50,000
Stakeholder's Remuneration Committee	25,000	25,000

August 11, 2014	Anil Sighvi	Sanjeev Aga
Audit Committee	50,000	50,000
Stakeholder's Remuneration Committee	25,000	25,000
Nomination & Remuneration Committee	25,000	25,000

August 14, 2014	Anil Sighvi	Sanjeev Aga
Board Meeting	50,000	NIL

November 12, 2014	Anil Sighvi	Sanjeev Aga
Board Meeting	50,000	50,000
Audit Committee	50,000	50,000
Stakeholder's Remuneration Committee	25,000	25,000
Nomination & Remuneration Committee	25,000	25,000

February 03, 2015	Anil Sighvi	Sanjeev Aga
Board Meeting	50,000	50,000
Audit Committee	50,000	50,000
Stakeholder's Remuneration Committee	25,000	25,000
Independent Director's Meeting	25,000	25,000

March 26, 2015	Anil Sighvi	Sanjeev Aga
Board Meeting	50,000	50,000
Nomination & Remuneration Committee	25,000	25,000

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.

D. Attendance of Committee Members at the Nomination and Remuneration Committee Meetings Held During the Financial Year 2014-15:

Name	No. of Nomination and Remuneration Committee Meetings Held	No. of Nomination and Remuneration Committee Meetings Attended
Mr. Anil Singhvi	3	3
Mr. Sanjeev Aga	3	3
Mr. Surjeet Singh*	2	1
Mr.Karthikeyan Muthuswamy	3	2

*Mr. Surjeet Singh ceased to be a member of the Nomination and Remuneration Committee on March 26, 2015.

V. STAKEHOLDER'S RELATIONSHIP COMMITTEE

A. Composition of the Committee

Composition	Category
Mr. Sanjeev Aga (Chairman)	Independent Director
Mr. Anil Singhvi	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Mr. Karthikeyan Muthuswamy	Nominee Director

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

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.

B. Attendance of Committee Members at the Stakeholder's Relationship Committee Meetings Held During the Financial Year 2014-15:

Member	No. of Stakeholder's Relationship Committee Meetings Held	No. of Stakeholder's Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Sanjeev Aga	4	4
Mr. Surjeet Singh	4	3
Mr. Karthikeyan Muthuswamy	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 grants and administers options under the stock options schemes to eligible employees.

A. Composition of the Committee

Composition	Category
Mr. Sanjeev Aga (Chairman)	Independent Director
Mr. Anil Singhvi	Independent Director
Mr. Karthikeyan Muthuswamy	Nominee Director

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 taken note of.

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)

Terms of Reference

The CSR Committee has, inter alia, the following mandate:

a) 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

b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) monitor the Corporate Social Responsibility Policy of the Company from time to time

A. Composition of the Committee

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Sanjeev Aga	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Mr. Karthikeyan Muthuswamy	Nominee Director

There were no meetings of the CSR Committee held during the year.

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. The said committee has also within its scope, 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

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Sanjeev Aga	Independent Director
Mr. Surjeet Singh	Managing Director & CEO
Mr. Karthikeyan Muthuswamy	Nominee Director
Mr. Vinod Kumar Padmanabhan	Chief Operating Officer

There were no meetings of the Risk Management Committee held during the year.

IX. GENERAL MANAGEMENT COMMITTEE

The General Management Committee includes within its scope the power to carry out all such activities which are matters of corporate significance and not otherwise dealt in a meeting of the Board or any Committees of the Board.

A. Composition of the Committee

Composition	Category
Mr. Surjeet Singh (Chairman)	Managing Director & CEO
Mr. Sanjeev Aga	Independent Director
Mr. Anil Singhvi	Independent Director
Mr. Karthikeyan Muthuswamy	Nominee Director

The General Management Committee of the Board of Directors approves, inter alia, the transfers/ transmissions/ dematerialisation of equity shares. The Company has appointed M/s. Canbank Computer Services Limited, a SEBI registered transfer agent, as its Share Transfer Agent with effect from November 6, 2001.

During the year, the General Management Committee passed the necessary resolutions by circulation. There were no meetings held during the year.

During the year under review, the Independent Directors met on February 03, 2015, inter alia, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

X. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2011-12	September 28, 2012	Registered office	12:30 PM
2012-13	August 14, 2013	Hotel Lalit Ashok, Bangalore	2:00 PM
2013-14	August 14, 2014	Registered office	1:00 PM

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

At the AGM held on August 14, 2014, three special resolutions were passed viz, for the ratification of appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 5, 2013 to October 4, 2014, for the appointment of Mr. Anil Singhvi as an Independent Director with effect from August 14, 2014 (20th AGM) until the conclusion of the 21st AGM and for the appointment of Mr. Sanjeev Aga as an Independent Director with effect from August 14, 2014 (20th AGM) until the conclusion of the 21st AGM.

XI. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the the Non Independent Directors was carried out by the Independent Directors, The Directors expressed their satisfaction with the evaluation process.

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. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement 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 disclosure as required by the Accounting Standards (AS18) has been made in the note 31 to the Stand Alone Financial Statements and Note 30 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 are 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 and Ms. Nisha Dutt.

XIV. 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 & Head Compliance is responsible for implementation of the Code.

XV. DISCLOSURES

A. The Company has a Risk Management Policy in place to manage risks inherent in various aspects of its business which is given in detail in the Management Discussion and Analysis section of the Annual Report.

B. The Company has obtained a certificate from the CEO/CFO as required by Clause 49 (IX) of the Listing Agreement.

C. In compliance with Clause 49 (II) (E) of the Listing Agreement, 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 and in particular 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. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31st, 2015. A declaration to this effect, signed by the Managing Director and CEO is provided in the CEO and CFO certification section of the Annual Report. The Code has been posted on the Company's website www.subex.com

D. In compliance with Clause 47 (c) of the Listing Agreement, the Company has obtained certificates from Practising Company Secretary. The same were filed with the Stock Exchanges within the stipulated period.

E. No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

F. The Company has complied with the listing conditions laid down in the Listing agreement of the stock exchanges where the equity shares of the Company are listed.

G. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956 as applicable.

XVI. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

The annual/half yearly/quarterly audited/un-audited results are generally published in all editions of Financial Express (English) and Vijay Karnataka (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 Listing Agreements 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, Directors' Report, Auditors' Report, etc., henceforth 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.

B. Management's Discussion and Analysis section has been separately dealt with in the Annual Report.

XVII. General Shareholder information is provided in the "Shareholder's Information" section of the annual report.

XVIII. As per the requirements of Clause 41 of the Listing Agreement, the Company has submitted the quarterly/ annual financial results to the Stock Exchanges after the conclusion of the respective Board Meetings held on May 29, 2014, August 14, 2014, November 12, 2014 and February 03, 2015.

XIX. Auditors' Certificate with regard to compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement entered into with the Stock Exchanges forms part of this Annual Report.

XX. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 states that the non-mandatory 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

Presently the Company does not have a Chairman and as such disclosures on maintenance of office by a Non-Executive Chairman does not arise. The Company ensures that the persons appointed as Independent Directors have the requisite qualifications and experience which would be of use to the Company and which would enable them to contribute effectively to the Company in their capacity as Independent Directors.

B. Nomination & Remuneration Committee

A detailed note on the Nomination and Remuneration Committee has been provided earlier in the report.

C. 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.

D. Audit Qualifications

The auditors have expressed an unqualified opinion on the accounts for the year under review.

E. Whistle Blower Policy

The Company has established a mechanism for employees to report concerns about unethical behaviours, actual or suspected fraud or violation of our Code of Conduct. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism. The employees are informed of this policy through appropriate internal communications. None of the employees have been denied access to this facility or the Audit Committee to report the aforementioned concerns. The policy has also been posted on the website of the Company.

For **Subex Limited**

Surjeet Singh *Managing Director & CEO* DIN:05278780	**Anil Singhvi** *Director* DIN: 00239589
Nisha Dutt *Director* DIN: 06465957	**Sanjeev Aga** *Director* DIN: 00022065

Mumbai, India

May 14 , 2015

DECLARATION BY THE CEO UNDER CLAUSE 49(II) (E) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

To,

The Members of **Subex Limited**

In accordance with Clause 49(II)(E) of the Listing Agreement with the Stock Exchanges, 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, 2015.

For **Subex Limited**

Surjeet Singh

Managing Director & CEO

DIN: 05278780

Place : Mumbai

Date : May 14, 2015

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of **Subex Limited**

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the year ended on 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 the above-mentioned Listing Agreement.

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 **HBP & Co, Company Secretaries**

Pramod S M

Partner

Membership No. FCS 7834

CP No. 13784

Place : Bangalore

Date : 14th May, 2015

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 (formerly Bombay Stock Exchange 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 outstanding US$ 1,000,000 out of US$ 180,000,000 2% Convertible Unsecured Bonds are listed on the London Stock Exchange (LSE). The Company's outstanding US$ 1,400,000 out of US$ 98,700,000 5% Convertible Unsecured Bonds and US$ 81,530,000 out of US$ 127,721,000 5.70% Secured Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited (SGX) as on March 31, 2015.

The management of Subex is committed to improving the levels of transparency and disclosure. Keeping this in mind, an attempt has been made 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 Generally Accepted Accounting Principles (GAAP) in India or as per the Proposal approved by the Honourable High Court of Judicature. 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.

INDUSTRY

Subex Limited 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. Subex's product portfolio powers the ROC and its best-in-class solutions such as revenue assurance, fraud management, asset assurance, capacity management, data integrity management, credit risk management, cost management, route optimization and partner settlement. Subex also offers a scalable Managed Services program with 30 + customers.

Subex has been awarded the Global Market Share Leader in Financial Assurance 2012 by Frost & Sullivan and has been the winner of Pipeline Innovation Award 2013 in Business Intelligence & Analytics; Capacity Magazine Best Product/ Service 2013. Subex has continued to innovate with customers and have been jointly awarded the Global Telecoms Business Innovation Award 2014 along with Telstra Global; in 2012 with Idea Cellular for Managed Services and in 2011 with Swisscom for Fraud Management.

Subex's customers include 29 of top 50 operators* and 33 of the world's 50 biggest# telecommunications service providers worldwide. The company has more than 300 installations across 70 countries (*Total Telecom Top 500 Telecom Brands, 2013 and #Forbes' Global 2000 list, 2014).

Commoditization of the industry is the largest threat that telecom operators around the world are facing. This, coupled with the need to roll out new products and services at regular intervals, is proving to be a tough combination for the telcos. Subex is well positioned to address the needs of the telecom carriers and help them to overcome these challenges. Our pioneering platform, the Revenue Operations Centre (ROC®) brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which telcos can build their processes to achieve several objectives like, lower cost, higher margin, higher revenue etc. Further, Subex offers Managed Services around its products which enable the operators to take advantage of our deep domain expertise to improve their operational efficiency.

OPPORTUNITIES AND THREATS

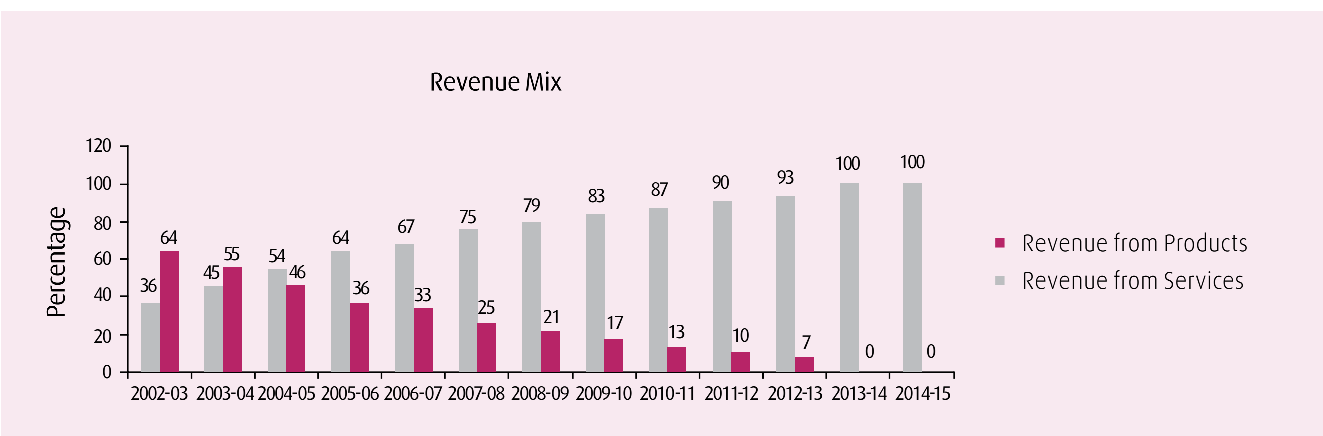
Strategy

Strategy is a critical aspect in any business. The key elements of our strategy are our offerings, positioning and customer acquisition & retention. We have always been at the leading edge of technology and have evolved new concepts to enable our customers to keep pace with the changing marketplace, the latest being the launch of ROC Analytics & Insights offering in March 2015 and the pioneering ROC Asset Assurance solution in April 2013. Using our products, we have structured several industry leading solutions that address and solve key problems faced by our customers worldwide. These solutions are offered as a well integrated platform called ROC. In addition to this, we also offer ROC in the form of Managed Services thereby ensuring that our customers gain significantly from our solutions. This three pronged strategy has helped us retain customers and gain further traction in the B/OSS market through new customer accounts.

BUSINESS SEGMENTS AND INDUSTRY OUTLOOK

Business Segments

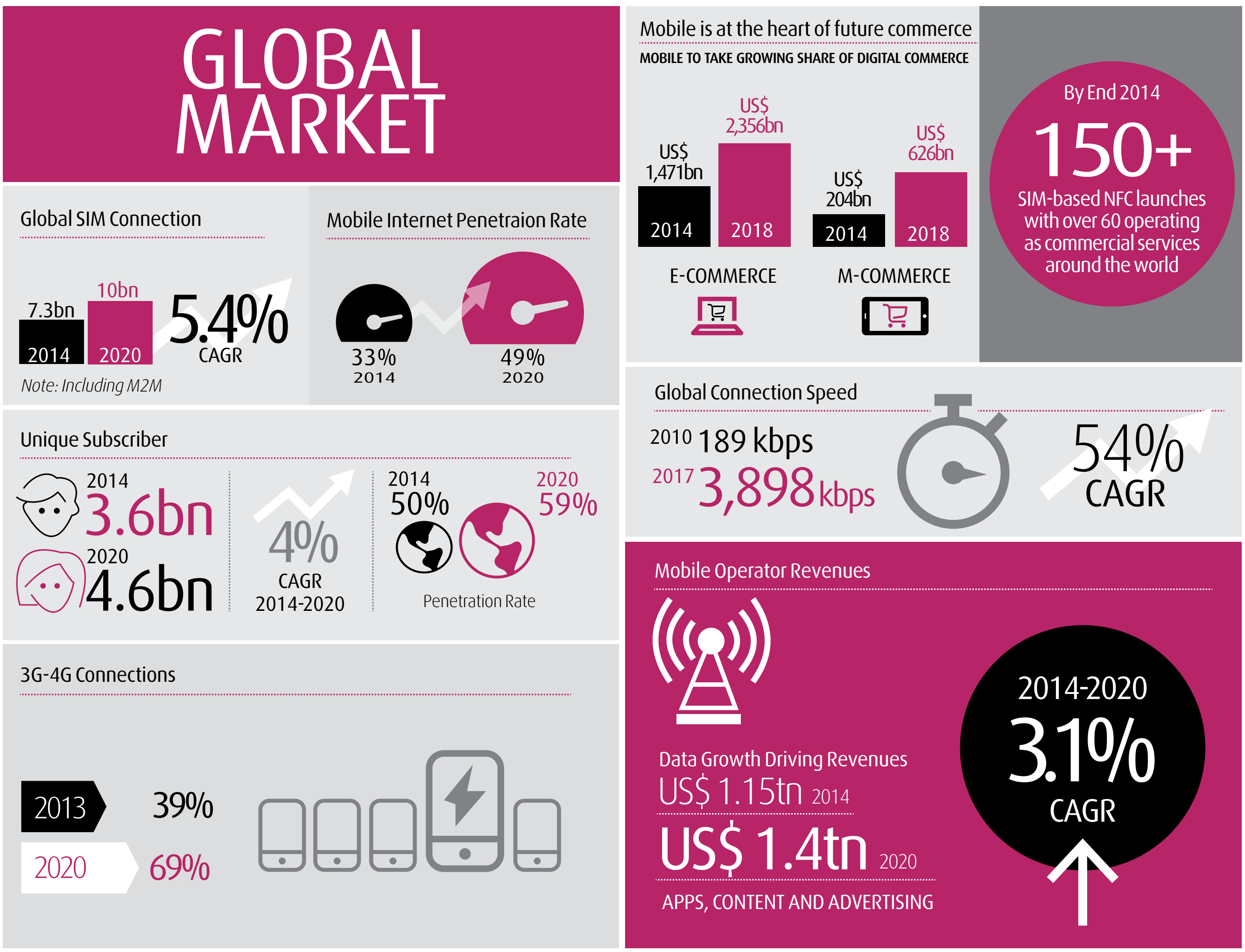
Subex operated in two business segments – telecom software products and telecom software services. The former is the key focus area for the Company and is being discussed in detail. The latter is staff augmentation services for Telcos in the United States which has been losing its significance as can be seen from the business mix data provided herein, thus Subex strategically moved out of the services as it did not align with the primary focus area which is product business effective beginning of last year.



Global mobile economy

The mobile industry has scaled dramatically over the last decade. At the end of 2003, there were a little over one billion unique subscribers, meaning that just under one in six people had subscribed to a mobile service. By the end of 2013 this figure had increased to 3.4 billion unique subscribers: equivalent to just under half of the global population. Globally there were 6.9 billion SIM connections at the end of 2013, with an average of 1.8 active SIM cards per unique subscriber.

While subscriber and connections growth rates are now slowing in developed markets, significant untapped potential remains in developing markets. These are forecast to add 880 million unique subscribers by 2020. In developed markets, there is an accelerating technology shift underway in the global connection base, with an increasing proportion of connections now on higher speed 3G and 4G networks (globally this proportion is set rise from a third at the end of 2013 to two thirds by 2020).



The number of commercially available LTE networks is forecast to increase to more than 500 in 128 countries across the world over the next four years, going from covering around a fifth of the global population today to around half by 2017. The number of mobile broadband connections has grown tenfold from just over 200 million in 2008 to well over two billion by 2013. Growth should remain strong, driven by rising smartphone penetration, with almost 4 billion mobile broadband connections expected to be added globally in the period out to 2020. Higher speed networks and more advanced devices are enabling the growth of data hungry applications such as video streaming, internet browsing and file downloads. At a global level, the rate of growth in data traffic is likely to far outstrip the growth in mobile connections.

The transformative effect of mobile has been made possible by significant capital investment by the mobile operators over recent years, totaling over US$ 1 trillion in the last six years. Investment has been focused on both improving network coverage and to facilitate the growth in mobile broadband connections. Total investments by the operators are expected to increase going forward in order to accommodate the strong forecast growth in global data traffic, totaling US$ 1.7 trillion out to 2020.

The GSMA has identified four key growth areas that present both significant opportunities and benefits for the consumers. These areas also provide clear opportunities for mobile operators to collaborate and, in doing so, play an active role in delivering them.

Personal Data
Consumer access to a range of digital services could be authenticated by a mobile operator provided digital identity-linked to the phone number and secured via the SIM;

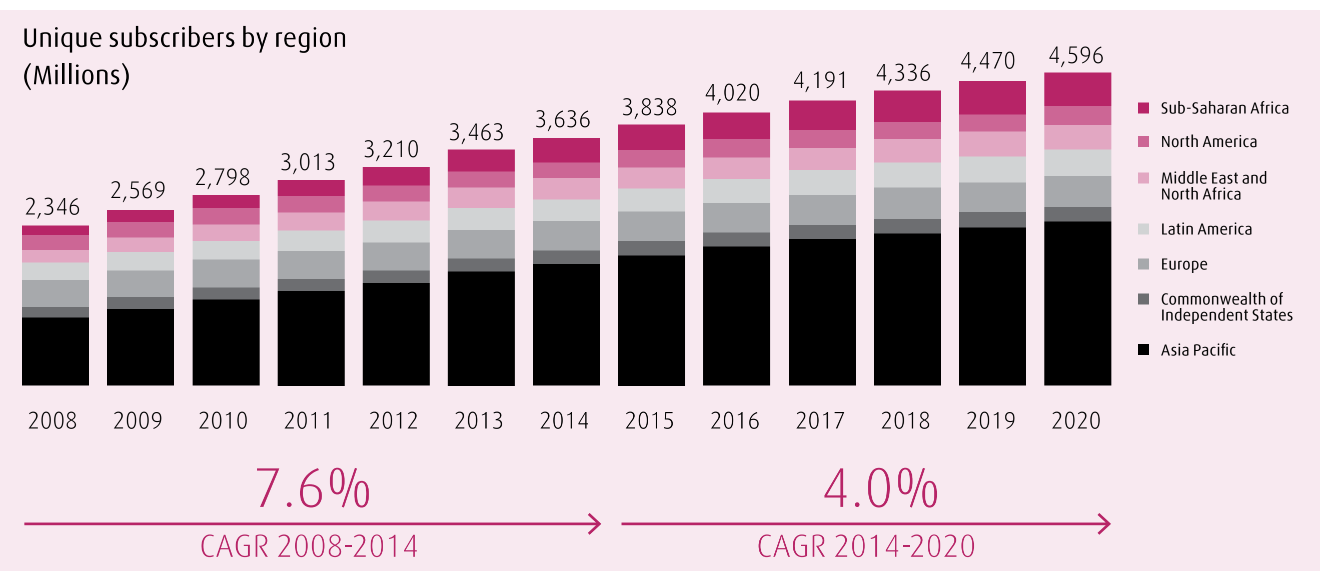
Digital Commerce
Mobile devices will be at the heart of digital commerce ecosystem with the potential to complete all types of purchases on connected devices using digital wallots;

Connected Living
Intelligent networks connecting an even greater range of devices have the potential to revolutionise the lives of customers and the productivity of many enterprises;

Network 2020
Mobile network will be at the heart of the all-IP mobile broadband era, connecting devices and acting as the key interface between the physical and digital world.

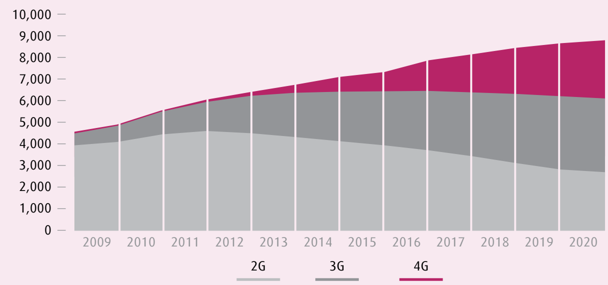
SIM penetration:

Global SIM penetration stood at 95% and the figure was already over 124% on average in developed markets. However there was a slowdown in the growth rate of connections across all regions of the globe, linked to slower subscriber penetration growth. SIM connections grew globally at a CAGR of 11.3% per annum in the five years since 2008, but are now forecast to grow at a rate of 4.2% per annum for the period to 2020, less than half the previous growth rate. This would take the global penetration rate by 2020 to 119%, with connection penetration passing through the 100% level before the end of 2014.



Technology: According to Ericsson, around 55% of all mobile phones sold in the second quarter of 2013 were smart phones, compared to 50% in the first quarter and only 30% in 2012 as a whole. By the end of 2013, there were just under 1.5billion smart phones in use, of which almost half were in the Asia-Pacific. Going forward, new Smartphone connections will largely come from the Asia-Pacific region with just under 900 million new smart phones expected in the region in the period to 2017.

Global connections by technology
(Millions, excluding M2M)



SOURCE: The Mobile Economy 2015

Average Revenue Per user: The average revenue per user (ARPU) per month stood at US $ 12.15 in the year 2013-14, which declined by 3.97% over 2012-13. Increasing penetration among some of the world's poorest countries will inevitably lead to declining ARPU.

Mobile economy in developing economies:

The World Bank estimates that mobile broadband reported a higher economic impact than fixed line broadband in emerging markets; a 10% increase in mobile broadband penetration drove a 1.4% increase in GDP for low-to-middle income countries. Market growth was driven by demand from the developing world, led by rapid mobile adoption in China and India, the world's most populous nations. There were 5.4 billion mobile subscriptions in the developing world – almost 78% of global subscriptions – compared with 5.2 billion in 2013, according to ITU. Though mobile penetration in the developing world stood at 90.2%, there was still potential for growth, particularly in Africa, which had the lowest mobile penetration worldwide at 69.3%.

The top-10 developing economic mobile markets by number of subscriptions included:

Rank	Country	Subscribers
1	China	1,246.3 million
2	India	893.3 million
3	Indonesia	285 million
4	Brazil	272.6 million
5	Russia	237.1 million
6	Nigeria	175 million
7	Vietnam	127.7 million
8	Pakistan	126.1 million
9	Bangladesh	116 million
10	Philippiness	109.5 million

Source: International Telecommunication Union 2014

Average revenue per user:

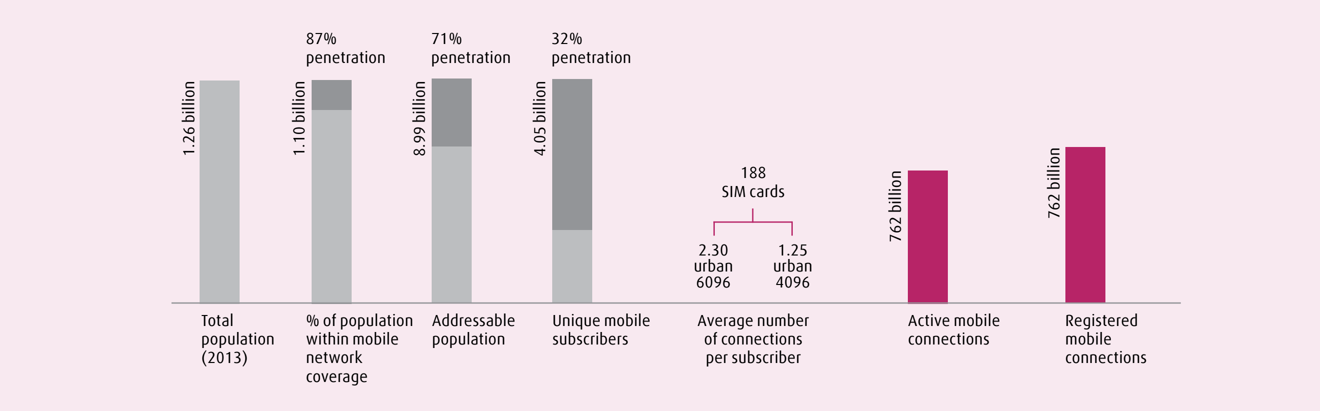
Though the global ARPU declined by 3.97%, the biggest decline was in Africa, where Kenya's ARPU was US$ 6.2 and Tanzania's was US$ 4.4, Uganda had an ARPU of US$ 3.5, which compared to any of the developed economies is far less.

Mobile economy in the Indian economy:

Mobile economy in India, the world's second largest market by subscribers, will contribute around US$400 billion to the country's GDP and create 4.1 million jobs by 2020 (Source: GSMA). Mobile telephony continued to be the industry growth driver with net addition of new subscribers at 1.15 million, taking the total wireless subscriber base to 904.51million. The data reported by service providers indicated that rural India began to emerge as the growth driver. Mobile services subscriber base in India's rural areas increased to 377.73 million in March 2014 from 374.96 million in February 2014. On the other hand, urban subscription declined to 555.26 million from 556.99 million during same period.

SIM penetration: India's 554.8 million unique mobile phone users use 643.4 million active SIMs, counting multiple connections being used by them on one/multiple handsets/ tablets. A study estimated that there were 773.9 million live SIMs in India.

Average revenue per user: Prepaid ARPU per month increased to H98 in December 2013, while postpaid ARPU per month declined to H456 in December 2013. Monthly ARPU for CDMA full mobility services increased by 5.48% to H103.60 in December 2013. ARPU for CDMA increased by 29.58% on a y-o-y basis in this quarter.



Telecom Software Products

Subex offers the Revenue Operations Centre (ROC®) Solution Suite for Business and CAPEX Optimisation, which has solutions for Revenue Analytics- ROC Revenue Assurance, ROC Fraud Management and ROC Credit Risk Management; for Cost Analytics - ROC Partner Settlement, ROC Route Optimization and ROC Cost Management; and for Network Analytics- ROC Asset Assurance, ROC Data Integrity Management and ROC Capacity Management.

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 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 BSS/OSS Portfolio

ROC - Revenue Operations Center

Revenue Analytics	Cost Analytics	Network Analytics
ROC Revenue Assurance	ROC Partner Settlement	ROC Asset Assurance
ROC Fraud Management	ROC Route Optimization	ROC Data Integrity Management
ROC Credit Risk Management	ROC Cost Management	ROC Capacity Management
Managed services	SaaS (Software as a service)	Consulting services

REVENUE ANALYTICS

ROC Revenue Assurance

ROC Revenue Assurance is the telecom industry's first revenue assurance solution that simplifies RA. It tackles critical challenges across the entire revenue chain with ease and offers two path breaking concepts: RevenuePad and Zen, which simplifies and speed up the process of revenue recovery. It helps customers in addressing revenue assurance challenges inherent to individual service verticals: Wireless, Fixed, Cable MSPs, and MVNOs. It also helps them address revenue assurance issues across multiple functional areas such as service fulfillment, usage integrity, retail billing, interconnect/wholesale billing, and content settlement. This in-turn enables customers to dramatically reduce the time required to implement or extend the coverage of their revenue management system and practices.

With Subex's ROC Revenue Assurance, customers can easily reconfigure or remodel existing solutions to accommodate changing business requirements. It is designed not only to detect potential revenue loss, but also to proactively assist operators with investigation, diagnosis and revenue recovery. ROC Revenue Assurance is highly effective in both traditional circuit-switched and Next Generation packet-switched service environment and is the perfect solution for telecom revenue assurance.

Subex's ROC Revenue Assurance solution detects the symptoms of leakage, prevents incidents before they reach the customer's bill, accelerate resolution times, and enable Revenue Assurance teams to align their successes with broader organizational goals - such as higher margins and customer satisfaction.

ROC Fraud Management

The fraud management solution by Subex, 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'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); and across all services: postpaid, Payment, VAS, MMS and M-commerce.

ROC Credit Risk Management

The ROC Credit Risk Management solution empowers operators to continuously assess and mitigate risk presented by subscribers throughout their lifecycle. It tracks risk in near real-time during:

- Subscriber acquisitioning
- Ongoing usage
- Collections and recovery

The solution provides the operator with a holistic view that helps in understanding subscriber risk profile and thereby aids its management.

Further, it can quickly, and seamlessly, accommodate new service information to provide an accurate picture of the exposure at any point in time. Allowing the operator to easily, and quickly, define various risk indicators and controls, enabling the solution to adapt to local cultural and regulatory requirements. This also enables the operator to stay agile in changing socio-economic conditions that affect the overall level of risk in a region.

COST ANALYTICS

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, giving them the edge needed to prosper in today's market.

ROC Route Optimization

Telecom operators need to respond quickly to the abrupt and volatile changes in service provider rates in order to remain competitive. Subex's ROC Route Optimization solution answers this need, allowing subscribers to benefit from competitively priced high quality service.

ROC Route Optimization delivers value through the following capabilities:

- Analyses various service parameters such as cost, traffic forecast, network capacity and quality
- Uses analysis output to streamline service providers' routing process
- Establishes competitive sales rates for services
- Executes the Automated Routing Management System to establish automatic switch connection
- Man-Machine Language commands for switch update

These capabilities round up our comprehensive route optimization solution, helping customers derive the best breakouts and cost routes. Our processes also enable communication service providers to establish focused efficiency-increasing task automation, thereby reducing data redundancies.

ROC Cost Management

ROC Cost Management is a state-of-the-art revenue management offering from Subex, which helps service providers effectively monitor and manage the cost of services. It enables operators to efficiently manage the process of identification, collection and comparison of cost related data across multiple sources such as partner invoices, inventory, orders, and call detail records.

It ensures the profit margins and operational agility through reduction of service delivery costs. It is built on a highly integrated platform using components-based technology to provide striking performance, scalability, interoperability and reliability.

The solution collects, collates and correlates the information from switches, inventory, billing, partner invoices, and financial systems to provide deeper insights about the cost aspects in an easier to understand format through dashboards & reports. It enhances margins by optimizing leased circuit costs, reducing interconnect costs, assuring access costs and by automating invoice verification process.

NETWORK ANALYTICS

ROC Asset Assurance

Asset Assurance helps operators in managing and reducing network CAPEX. Subex's ROC Asset Assurance gives an operator a holistic view into current assets, consumption and placement of the assets, with subsequent recommendations on what, where, when, and why to spend CAPEX. The components within ROC Asset Assurance solution includes asset analytics, data integrity management, capacity analytics and network intelligence. All of these help operators to manage telecommunications network assets across all dimensions of the asset life cycle, providing complex analytics that are not only descriptive (show current states, trending, etc.), but also predictive. This facilitates accurate prediction of asset exhaustion, procurement triggers, necessary asset warehouse levels, retirement strategies and growth rates on sparing levels.

A complete program of Asset Lifecycle Management would encompass the continual monitoring and management of lifecycles associated with the assets. The overall network asset lifecycle is pictured below:

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 Data Integrity Management solution for improving the quality of data that drives key service provider processes, resulting in lower costs and higher service profitability. ROC Data Integrity Management combines three powerful data integrity functions: multi-layer network and service discovery; data reconciliation and discrepancy analytics. Leveraging inherent cross-domain intelligence and extensive off-the-shelf network equipment support, ROC 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 the service provider's operations, enhancing the effectiveness and value of service fulfillment, service assurance and billing systems.

ROC Capacity Management

Subex's ROC Capacity Management solution enables CSPs to prevent an availability or performance impact on business critical applications due to capacity issues. It provides the critical link between discovering the network 'as-is' and presenting the data in a normalized and appropriate format. It further engages analytics functions to provide actionable intelligence and also predict scenarios and their impact on network capacity which would help CSPs to plan capacity investments accordingly. 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.

ROC Analytics & 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 optimize business processes, CSPs need analytics & insights to derive actionable intelligence out of it. There are numerous solutions that allow analysts to work on huge amounts of data and extract information. However, they are limited in the sense that the information that they produce grows linearly with data. Hence, the size of information today is equivalent to that of data a few years back. The key here is to obtain the right information just at the right time.

ROC Analytics & 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 Analytics & 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.

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.

Subex Managed Services experts are helping service providers around the world improve their B/OSS operations significantly, not just in the long term, but also on a day-to-day basis. We complement existing operations just as much as transform their business.

ROC Cloud

Small and medium telcos have business support system (B/OSS) needs 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 ROCcloud.

Customer Base

Subex today serves over 300 installations spread across 70 countries. This includes 33 of the world's 50 biggest telecommunications service providers worldwide. A partial list of customers is given below:

APAC – Aircel, Airtel, Bakrie Telecom, CAT, Celcom, Dtac, Etisalat, Hutchison Telecom, Idea, Indosat, Maxis, MTNL, Reliance Communications, Starhub, TelBru, Telkom Indonesia, Telstra, TM, True, TATA, Vodafone

Americas- Americatel, America Movil, Bell Canada, Centennial, Cincinnati Bell Wireless, Claro, Comcast, Cricket, Etecsa, Frontier, GVT, Glo, Hawaiian Telcom, Grupo ICE, Level 3, Porta, Sprint, Telesur, Telefonica, Telmex, Telus, T Mobile, One, Verizon

EMEA- Airtel, AlbTelecom, Atalntique Telecom, Avea, Azercell, Bezeq International, BTC, BT, Cable & Wireless, Cell C, Colt, Coolwave, Cora, Cyta, Du, Eagle, Econet, ecoop, 8-el, emt, Finnet, Goecell, Hot Mobile, iKatel, Interoute, Kcell, Lebara, Mascom, Matrix, Melita, Mirs, Mobinil, Moldcell, Mcel, MTN, Ncell, Nedjma, O2, One, Orange, Orascom, Ooredoo, Qicomm, Romtelecom, Roshan, Sabafon, Skanova, Starcomms, STC Kuwait, Swisscom, Syriatel, Tcell, Telecom Egypt, Telekom Slovenije, Telenor, Telfort, TeliaSonera, TEO, Totem, TP, Turk Telecom, UPC, Vodafone, Warid, Wavecrest, Zain, Zong, Zon

Revenue Model

Subex licenses its software solutions on per subscriber or per transaction basis for every service stream of our customers, resulting in continuous growth in license revenues depending on the growth of the networks where the solutions are installed. However, in most of the developed and some of the emerging markets we already have the fraud or RA products implemented/installed. Strategically, Subex has also embarked on an additional stream of revenue namely Managed Services (discussed in detail below) to have a predictable recurring revenue stream which also help maintaining continuous touch point with the customer. Another sustainable revenue stream is the support revenue calculated as a function of the license revenue.

Further, we also have an additional stream of revenue namely, customization.

Managed Services

Recognizing the strategic imperative of outsourcing in today's environment, Subex offers a flexible and scalable Managed Services program that enables service providers to successfully meet the ever changing business, technology and customer requirements. Subex Managed Services offering is designed to offer true competitive advantage by focusing on strategic, operational and cost benefits that address service providers' current and future challenges and risks. Managed Services includes the value added services which is built around the product.

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.

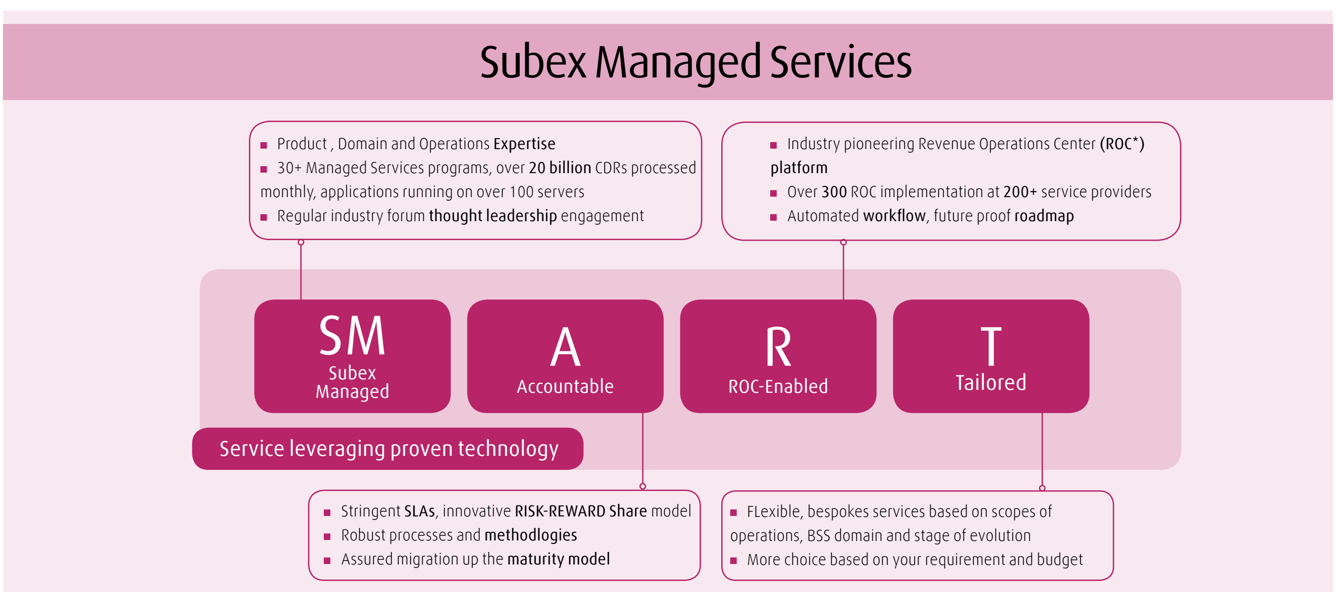
Subex understands that no two service provider requirements are alike and hence offers the flexibility to pick and choose services based on:

- 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:

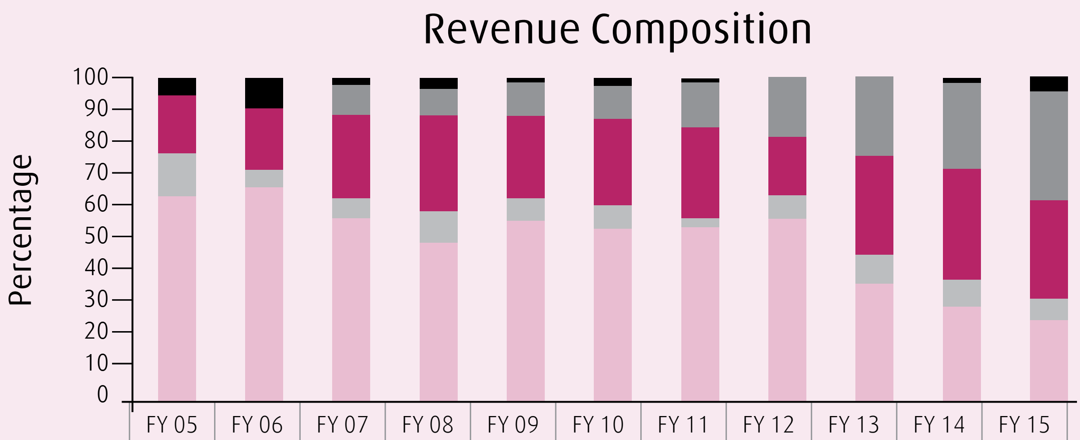
This model is perfect for most operators in today's market as it results in the highest performance with the lowest Opex and CAPEX.



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

Small and medium telcos have Business and Operations Support System (B/OSS) needs that are very different from those of larger telcos. In the same vein, most BSS 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.

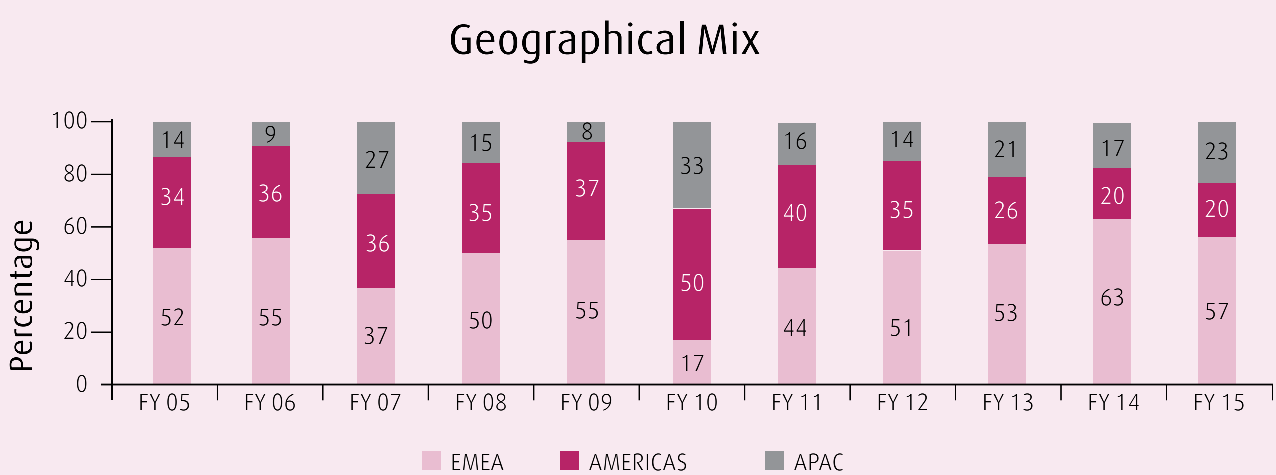
The following graph gives the revenue from each of the stream during the past several years:



	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
THIRD PARTY	5	9	2	3	1	2	1	0	0	1	4
MANAGED SERVICES	0	0	9	8	11	10	14	18	24	27	34
SUPPORT	18	19	26	30	25	27	28	18	31	34	30
CUSTOMIZATION	13	5	6	10	7	7	3	7	8	8	7
LICENSE ADDL. LICENSE	64	67	57	49	56	54	54	57	37	30	25

Geographical Mix

We have a dominant presence in both developing and developed markets. This is quite evident from the geographical mix given below.



RISKS AND CONCERNS

Risks are an inherent part of any business activity.

The business model of communications service providers is highly dependent on consumer behaviour and any reduction on spending by consumers will negatively impact the fortunes of the telcos. That will result in reduction of investment by the telcos and a consequent contraction of market for our products. The communications industry continues to experience consolidation and an increased formation of alliances among communications service providers and between communications service providers and other entities. Should one of our significant customers consolidate with a service provider using a competing product and decide to discontinue the use of our product(s), this could have a negative material impact on our business. These consolidations and alliances may cause us to lose customers or require us to reduce prices as a result of enhanced customer leverage, which would have a material adverse effect on our business. We may not be able to offset the effects of any price reductions. We may not be able to expand our customer base to make up any revenue declines if we lose customers.

Subex is fully dependant on the telecom industry. As such, any vagaries in the telecom business environment will considerably impact the fortunes of the Company.

Following are the risks associated with our business:

Security

Security threats are a particular challenge to companies like us whose business is technology products and services. The threats to our own IT infrastructure also affect our customers. Customers rely on the security of our products and infrastructure to ensure the reliability of our services and the protection of their data. The security of our products and services is an important consideration in our customers' purchasing decisions.

We devote significant resources to mitigate security threats, both to our internal IT systems and with respect to our products. Despite these efforts, actual or perceived security breaches in our products and services could cause significant reputational harm and lead some customers to reduce or delay future purchases of our products or services, or to use competing products. Actual or perceived vulnerabilities may lead to claims against us.

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

We store and process increasingly large amounts of personally identifiable information of our customers. We take what we consider to be appropriate steps to provide for the security and protection of such data. Despite these efforts, it is possible our security controls over personal data, our training of employees and vendors on data security, and other practices we follow may not prevent the improper disclosure of personally identifiable information that we or our vendors store and manage. 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. Typically, the Company's liability for such indemnification is not limited by limitation of liability provision in customer contracts.

Technology and Personnel

Our industry is characterized by rapid technological changes and frequent new service offerings. Significant technological changes could make our technology and services obsolete, less marketable or less competitive. We must adapt to our rapidly changing market by continually improving the features, functionality, reliability and capability of our products to meet changing customer needs. We may not be able to adapt to these challenges or respond successfully or in a cost-effective way. Our failure to do so would adversely affect our ability to compete and retain customers or market share. Launching new products is a key element of our growth and an inability to bring new products with high demand to the market in a timely manner will reduce our growth and profitability.

Subex has set up processes and methodologies to address this threat and to turn it into a strategic advantage by being in the forefront of technological evolution. Regular skill upgradation programs and training sessions that include attending global conferences, employing specialized consultants etc. are undertaken.

Retention of software personnel is another major risk being faced by Subex. Towards this, the Company provides an empowered atmosphere with extensive mentoring, career counseling and constant learning opportunities in cutting edge and challenging technologies.

Intellectual Property

The telecom software industry is characterised to a large extent by its reliance on proprietary technology. The Company and its subsidiaries own or have licenses to use the technologies embedded in its products. The Company depends on a combination of technical innovations, copyrights, trade secrets and non-disclosure agreements for the protection of this technology. The Company and its subsidiaries also maintain patent and trademarks, and patent and trademark applications, as it deems appropriate. The Company and its subsidiaries also have copyrights vested in their software products and related materials. However, as is common industry practice, the Company has not generally pursued registrations of its copyrights.

There can, however, be no assurance that the Company's claims to any intellectual property rights will successfully protect what it considers to be the Company's intellectual property from third-party use in any or all of the jurisdictions in which it does business, either now or in the future. To the extent that the Company's innovations and products are not protected by patents, copyrights or other intellectual property rights, third parties (including competitors) may be able to make use of the Company's know-how.

In addition, legal protection of the Company's intellectual property rights in one country will not necessarily provide protection in other countries. The laws of many countries do not protect intellectual property rights to as great an extent as those of many western countries. Effective protection of the Company's intellectual property rights may be unavailable or limited in certain countries. For example, many countries, particularly certain developing countries, do not favour the aggressive enforcement of trademarks, patents and other measures to protect intellectual property. Limited intellectual property rights make piracy and misappropriation, which are endemic to the software industry, more difficult to prevent. Moreover, even when the Company has adequate intellectual property rights to stop an infringer, it may lack the resources to detect all infringements, to trace the source of the infringement or to enforce its rights against the infringer.

Much of the Company's technology and many of the Company's processes, depend upon the knowledge, experience and skills of the Company's personnel. To protect rights to the Company's know-how and technology, the Company generally requires all employees and advisors to enter into confidentiality agreements that prohibit the disclosure of confidential information. These agreements also require disclosure and assignment to the Company of ideas, developments, discoveries and inventions. These agreements may not effectively prevent disclosure of the Company's confidential information, provide meaningful protection for the Company's confidential information or assign to the Company all such intellectual property rights. The enforceability of these agreements also varies from jurisdiction to jurisdiction, and it is difficult to police disclosures by persons who leave the Company's employment. Should any of these possibilities occur, it may have a material adverse effect on the Company's business, financial condition and results of operations.

Infringement

The Company and its subsidiaries have not received any notification of an alleged infringement of any other party's proprietary technology. However, the Company and its subsidiaries may in the future face claims of infringing the intellectual property rights of others or that their customers are infringing such third party intellectual property rights through use of the Company's products. If any of the Company's products are found to infringe the patents or other intellectual property rights of others, or if the Company settles a claim in a manner adverse to it, the Company's development, manufacture and sale of such products could be severely restricted or prohibited. Intellectual property litigation can involve complex factual and legal questions and its outcome is uncertain. Any claim relating to infringement of intellectual property rights may require it to pay substantial damages and seek licences to continue to use such intellectual property, which licences may not be available on commercially acceptable terms or at all. Even if the Company were to be successful, any intellectual property litigation could be costly and time-consuming, and would divert the attention of management and key personnel from the Company's business operations. As a result of any intellectual property infringement suit brought against the Company or its customers, the Company may be forced to stop or delay developing, manufacturing or selling products that are claimed to infringe a third party's intellectual property rights.

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

Further, the Company is often in possession of proprietary information of its customers. There is a risk that such information may be wrongly used or disclosed or may be misappropriated by employees of the Company resulting, among other things, in a breach by the Company of contractual obligations to its customers.

Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

Variability of Quarterly Operating Results

The quarterly operating results of the Company 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. The management is attempting to mitigate this risk through expansion of client base geographically and increase of steady annuity revenue through Managed Services model.

Statutory Obligations

Subex has registered with Special Economic Zone for software development activities and has availed Customs Duties, Sales Tax and Central Excise exemptions. The non-fulfillment of export obligations may result in penalties as stipulated by the Government and this may have an impact on future profitability.

Environmental Matters

Software development, being a pollution free industry, is not subject to any environmental regulations. However the company adheres to the guidelines for disposing of E-wastes as stipulated by the E-Waste (Management and Handling) Rules.

Foreign Exchange

Subex has 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.

Taxation

Consequent to the end of STPI related tax benefits for Subex, the Company is now situated at SEZ. While tax protection is expected to continue under the SEZ scheme, there is a significant amount of uncertainty in the regulatory environment. This could potentially lead to incidence of higher tax.

Contractual Obligation

In contracts entered into by Subex with its customers in the ordinary course of business, it is obliged to perform and act according to the contractual terms and regulations. Failure to fulfill the contractual obligations arising out of such contracts may expose Subex to financial and other risks.

The management has taken sufficient measures to cover what it believes to be its contractual risks and does not foresee any major liability due to its non fulfillment of any contractual terms and conditions.

Debt Obligations

As on March 31, 2015, the Company had outstanding FCCBs aggregating to US$ 1,000,000 under its US$ 180,000,000 2% convertible unsecured bonds ("FCCBs I") and US$ 1,400,000 under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II"). In July 2012, pursuant to the exchange offer of FCCBs I and FCCBs II, the Company issued US$ 127,721,000 5.70% secured convertible bonds with a maturity period due July 2017 ("FCCBs III"). As a part of the terms and conditions of US$ 127,721,000 5.70% Secured Convertible Bonds, principal amount of US$ 36,321,000 out of US$ 127,721,000 5.70% were mandatorily converted into equity shares at the conversion price of ₹22.79/-. Subsequently principle amount of US$ 3,250,000 and US$ 6,620,000 were converted into equity shares during 2012-13 and 2014-15 respectively. Pursuant to the mandatory conversion and subsequent conversions, US$ 81,530,000 is outstanding under US$ 127,721,000 5.70% Secured Convertible Bonds as on March 31, 2015.

Principal amount of US$ 5,000,000 under the Company's U.S$ 127,721,000 5.70% Secured Convertible bonds with a maturity period due July 2017 ("FCCBs III") were converted between the end of the Financial year March 31, 2015 and the date of this report. As such principal amount of US$ 76,530,000 of FCCB III are outstanding as on the date of this report.

The Board at its meeting held on May 14, 2015 approved the reset of conversion price of the FCCB III which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per share. As a result of the reset of conversion price and subject to necessary approvals, the said outstanding bonds of face value US $ 76.53 million would potentially be converted into 32,99,88,530 shares at an exchange rate of ₹56.05.

The maturity period of the un-exchanged FCCBs I worth US$ 1,000,000 and the un-exchanged FCCBs II worth US$ 1,400,000 was extended to March 2017.

The ability of the Company to successfully meet the debt obligations under the FCCBs depends on its internal accruals, additional fund raising in the form of debt or equity and possible conversion of FCCBs into equity shares prior to redemption.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. The internal audit function also carries out Operations Review Audits to improve the processes and strengthen control of the existing processes. The Audit Committee periodically reviews the functions of internal audit.

Pursuant to clause 49 of the Listing Agreement, the CEO/CFO has to accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

The adequacy of the Company's internal controls are tested from time to time and control deficiencies, if any, identified during the assessments are addressed appropriately.

Discussion on financial performance with respect To operational performance

Key Financials and Ratio Analysis

Amount in ₹ Lakhs

Financial Highlights / Year ending 31st March	2015		2014		2013	
	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE	CONSOLIDATED	STAND-ALONE
Total income:	36,073.51	30,845.36	34,449.28	29,669.48	33,147.10	26,677.95
-(Continuing Operations)	36,073.51	–	34,449.28	–	30,823.24	–
-(Discontinuing Operations)	–	–	–	–	2,323.86	–
Operating Profits (EBITDA) before Exceptional items:	**8,008.66**	2,467.13	**6,549.62**	**4,377.98**	**3,935.77**	**3,216.16**
-(Continuing Operations)	8,489.42	–	6,771.84	–	4,534.47	–
-(Discontinuing Operations)	(480.76)	–	(222.22)	–	(598.70)	–
Depreciation & Amortization	**402.04**	**258.44**	**248.18**	**161.31**	**426.77**	**225.92**
-(Continuing Operations)	402.04	–	244.18	–	(420.51)	–
-(Discontinuing Operations)	–	–	4.16	–	(6.26)	–
Profit/(Loss) before tax & after Exceptional items:	**1,599.41**	**(2,685.10)**	**(216.45)**	**(2,806.31)**	**(5,608.47)**	**(3,456.42)**
-(Continuing Operations)	2,073.59	–	262.26	–	(4,005.10)	–
-(Discontinuing Operations)	(474.18)	–	(478.71)	–	(1,603.37)	–
Profit/(Loss) after tax & Exceptional items:	**1,021.45**	**(2,840.01)**	**(1,161.27)**	**(2,952.88)**	**(5,994.71)**	**(3,456.42)**
-(Continuing Operations)	1,501.25	–	(674.12)	–	(4,391.34)	–
-(Discontinuing Operations)	(479.80)	–	(487.15)	–	(1,603.37)	–
Equity Dividend %	NIL	NIL	NIL	NIL	Nil	Nil
Share Capital	18,292.26	18,292.26	16,664.00	16,664.00	16,664.00	16,664.00
Reserves & Surplus	2,611.76	10,600.48	697.90	10,719.72	5,835.68	16,870.39
Net Worth	20,904.02	28,892.73	17,361.90	27,383.72	22,499.68	33,534.39
Gross fixed Assets	8,296.39	7,469.02	9,625.76	7,166.04	10,279.57	7,096.86
Net Fixed Assets	817.85	550.18	597.83	316.50	466.74	333.05
Total Assets	113,379.78	151,515.34	109,259.59	155,730.84	1,08,797.37	1,47,548.90
Key Indicators						
Earning per Share (Year end)	0.59	(1.65)	(0.70)	(1.77)	(4.40)	(2.54)
Cash Earning per Share (Year end)	4.74	2.80	3.65	2.20	(1.04)	(1.44)
Book value per Share	12.18	16.83	10.42	16.43	13.50	20.12
Debt (including Working capital) Equity Ratio	3.47	2.25	4.39	2.52	3.25	1.96
EBITDA / Sales - %	23.59%	8.07%	19.91%	14.91%	12.18%	12.11%
Net Profit Margin - %	2.84%	(9.29%)	(3.41%)	(10.06%)	(18.13%)	(13.02%)
Return on year end Net Worth %	4.89%	(9.83%)	(6.69%)	(10.78%)	(26.64%)	(10.31%)
Return on year end Capital Employed %	1.09%	(3.03%)	(1.24%)	(3.06%)	(6.27%)	(3.48%)

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

Of the equity paid-up capital, the Company had issued the following shares towards consideration other than cash.

- 1,15,000 shares of ₹10/- each, towards the balances in the current account of partners, Mr. Subash Menon and Mr. Alex J. Puthenchira, on the takeover of Subex Systems, a partnership firm, by the Company during 1993-94.
- 46,26,940 Shares of ₹10/- each to all eligible shareholders as on March 31, 1999 in the ratio of 1:1 by capitalizing the General Reserves.
- 12,840 shares of ₹10/- each to the erstwhile owners of M/s. IVth Generation Inc., towards part consideration of the cost of acquisition of that Company at ₹1,023/- per share during 1999-2000.
- 1,08,78,784 Shares of ₹10/- each to all eligible shareholders as on January 6, 2006 in the ratio of 1:1 by capitalizing the securities premium.
- 11,09,878 Shares of ₹10/- each to the GDR holders as on April 7, 2006 at ₹400/-.
- 1,17,28,728 Shares of ₹10/- each to the GDR holders as on June 22, 2006 towards consideration of the cost of acquisition of Azure Solutions Ltd at ₹532.24 per share

During 2006-07 the Company issued 2,19,551 (including Bonus shares, wherever options are eligible) shares of ₹10/- each to various Employees on exercise of Stock Options granted under the Employee Stock Option Plan (ESOP – II & III).

During 2007-08, the Company issued 31,364 (including Bonus shares, wherever options are eligible) shares of ₹10/- each to various Employees on exercise of Stock Options granted under the Employee Stock Option Plan (ESOP – II & III).

During 2009-10, the Company issued 1,203 equity shares of ₹10/- each under its ESOP III scheme and 1,210 equity shares of ₹10/- each under its ESOP II scheme to various Employees on exercise of Stock Options.

During 2009-10, the Company issued 40,00,000 equity shares of ₹10/- each, on a preferential basis, to M/s Woodbridge Consultants, an entity belonging to Promoters/Promoter group, at ₹80/- per share.

During 2009-10, the Company issued 1,91,33,637 equity shares allotted upon conversion of FCCBs aggregating to principal amount of US$ 31,900,000 out of its US$ 98,700,000 5% Convertible Unsecured Bonds, in accordance with the terms and conditions thereof.

During 2010-11, the Company issued 41,24,254 equity shares of ₹10/- each, on a preferential basis, to M/s KBC Aldini Capital Mauritius Limited, at ₹81/- per share.

During 2010-11, the Company issued 71,97,607 equity shares allotted upon conversion of FCCBs aggregating to principal amount of US$ 12,000,000 out of its US$ 98,700,000 5% Convertible Unsecured Bonds, in accordance with the terms and conditions thereof.

During 2010-11, the Company issued 3,765 equity shares of ₹10/- each under its ESOP III scheme and 1,260 equity shares of ₹10/- each under its ESOP II scheme, to various Employees upon exercise of Stock Options.

During 2011-12, the Company issued 747 equity shares of ₹10/- each under its ESOP III scheme to various Employees upon exercise of Stock Options.

There are no calls in arrears.

During 2012-13, the Company issued 9,73,29,190 equity shares allotted upon conversion of FCCBs to principal amount of US$ 39,571,000, out of its US$ 127,721,000 5.70% Secured Convertible Bonds, in accordance with the terms and conditions thereof.

During 2014-15, the Company issued 1,62,82,613 equity shares allotted upon conversion of FCCBs to principal amount of US$ 6,620,000, out of its US$ 127,721,000 5.70% Secured Convertible Bonds, in accordance with the terms and conditions thereof.

Reserves and Surplus

Capital Reserve of ₹130 Lakhs was created by credit of the notional premium on 12,840 equity shares of ₹10/- each valued at a price of ₹1,023/- per share and issued to the owners of IVth Generation Inc, USA as part consideration for the transfer of their shareholding to Subex Systems Ltd.

During the year 2010-11, additions to capital reserve due to reversal of accrued interest on conversion of FCCBs into equity shares amounted to ₹1,598.9 Lakhs , reductions due to transfer to Business restructuring reserve amount to ₹400 Lakhs and deferred interest on restructured FCCBs amounted to ₹1,222.7 Lakhs .

During the year 2011-12, the balance in capital reserve of ₹346.70 Lakhs was transferred to Business restructuring reserve.

During the year 2012-13, the balance of Foreign Currency Translation Reserve of ₹2,765.65 Lakhs has been included in the Reserves and Surplus.

During the year 2013-14, the balance of Foreign Currency Translation Reserve of ₹5,801.74 Lakhs has been included in the Reserves and Surplus.

During the year 2014-15, the balance of Foreign Currency Translation Reserve of ₹5,111.22 Lakhs has been included in the Reserves and Surplus.

Securities Premium Account represents the premium collected on:

- 9,71,000 equity shares issued at a premium of ₹65/- per share through an Initial Public Offer in 1999-2000.

- 3,30,800 equity shares issued at a premium of ₹740/- per share to Mutual Funds and Bodies Corporate on a preferential basis during 1999-2000.

- 18,87,000 equity shares issued at a premium of ₹88/- per share to holders of ROCCPS on conversion of preferential shares at ₹98/- each, namely Intel Capital, Toronto Dominion Bank and UTI Venture Funds.

- 15,38,459 equity shares issued at a premium of ₹290/- per share to holders of FCCBs on conversion of the bonds at a price of ₹300/- per share.

- 11,09,878 equity shares issued at a premium of ₹390/- per share to holders of GDR at a price of ₹400/-.

- 1,17,28,728 equity shares issued at a premium of ₹522.24 per share to holders of GDR at price of ₹532.24

- 2,58,353 (including Bonus shares, wherever options are eligible) equity shares allotted to the employees under ESOP II & III Scheme as per the provisions of the Scheme at various premiums.

- 2,63,31,244 equity shares were allotted upon conversion of FCCBs aggregating to principal amount of USD 43.9 Million, out of its USD 98.7 Million 5% Convertible Unsecured Bonds, in accordance with the terms and conditions thereof

- 40,00,000 equity shares were allotted, on a preferential basis, to M/s Woodbridge Consultants, an entity belonging to Promoters/ Promoter group, at an issue price of ₹80 per share including a premium of ₹70 per share

- 41,24,254 equity shares of ₹10/- each, allotted on a preferential basis, to M/s KBC Aldini Capital Mauritius Limited, at an issue price of ₹81 per share including a premium of ₹71 per share

- 747 shares of ₹10/- each were allotted to the employees under ESOP III scheme as per the provisions of the scheme at various premiums.

Business Restructuring Reserve

- During the year 2009-10, ₹50,000 Lakhs and ₹17,000 Lakhs were transferred to Business Restructuring Reserve from securities premium and capital reserve respectively. Out of the said amount, ₹64,997.90 Lakhs were utilized and consequently, the balance in Business Restructuring Reserve as of March 31, 2010 is ₹2,002.10 Lakhs on consolidated basis.

- During the year 2010-11, ₹17,000 Lakhs and ₹400 Lakhs were transferred to Business Restructuring Reserve from securities premium and capital reserve respectively. Out of the said amount, ₹18,303.70 Lakhs were utilised and consequently, the balance in Business Restructuring Reserve as of March 31, 2011 is ₹1,098.40 Lakhs on consolidated basis.

- During the year 2011-12, ₹346.70 Lakhs were transferred from Capital Reserve and ₹854.30 Lakhs un-utilized provisions were transferred back to Business Restructuring Reserve. Out of the said amount, ₹629.20 Lakhs were utilized and consequently, the balance in Business Restructuring Reserve as of March 31, 2012 is ₹1,670.20 Lakhs on consolidated basis.

- During 2012-13, ₹271.10 Lakhs were transferred to Securities premium Account. Out of the said amount, ₹1,318.48 Lakhs were utilized and consequently, the balance in Business Restructuring Reserve as of March 31, 2013 is ₹80.63 Lakhs on consolidated basis.

- During 2013-14, ₹80.63 Lakhs was utilized from BRR for making provisions for doubtful debts. The balance in Business Restructuring Reserve as of March 31, 2014 is ₹ Nil Lakhs on consolidated basis.

Employee Stock Options

In accordance with the 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, 2015 amounts to ₹78.10 Lakhs (Previous Year: ₹96.29 Lakhs).

Short Term Borrowings

On consolidated basis, the Short term borrowings of ₹14,694.04

Lakhs (Previous Year: ₹16,015.60 Lakhs) outstanding in the books as at March 31, 2015 consists of ₹12,506.54 Lakhs from banks which have been disclosed as Loan Type I and Loan Type II. The Secured Loan Type I and II 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 alongwith 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. The Company has also submitted a corporate guarantee of Subex Technologies Limited. In the previous year, the said loan was further covered by personal guarantee of a director of the Company apart from corporate guarantee in which a director is interested. In addition, in case of secured Loan Type II the Company is in the process of executing a corporate guarantee from Subex UK Limited and a pledge of 100% shares of Subex UK Limited held by the Company. ₹ 2,187.50 Lakhs represents loan taken by Subex Americas Inc, which has been guaranteed by Subex (UK) Limited carrying interest rate of 10.5% compounded semiannually.

On Standalone basis, the Short term borrowings of ₹12,506.54 Lakhs (Previous Year: ₹14,817.30 Lakhs) outstanding in the books as at March 31, 2015, ₹12,506.54 Lakhs from banks which have been disclosed as Loan Type I and Loan Type II. The Secured Loan Type I and II 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 alongwith 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. The Company has also submitted a corporate guarantee of Subex Technologies Limited. In the previous year, the said loan was further covered by personal guarantee of a director of the Company apart from corporate guarantee in which a director is interested. In addition, in case of secured Loan Type II the Company is in the process of executing a corporate guarantee from Subex UK Limited and a pledge of 100% shares of Subex UK Limited held by the Company.

Long Term Borrowings (including current provisions)

On a consolidated basis and standalone basis

Current maturities of long term debt as at March 31, 2015 consists of:

a. ₹625.03 Lakhs (Previous Year: ₹599.16 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2006-07. The bonds carry interest of 2% per annum and are redeemable by March 9, 2017 as a result of re-structure (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. ₹875.05 Lakhs (Previous Year: ₹838.87 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2009-10 as a result of restructuring existing bonds mentioned in (a) above. The bonds carry interest of 5% per annum and are 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. ₹50,956.17 Lakhs (Previous Year: ₹52,815.00 Lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2012-13 as a result of restructuring existing bonds mentioned in (a),(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.

Fixed Assets

During the year, the Company added ₹631.13 Lakhs on consolidated basis and ₹508.85 Lakhs on standalone basis, to its gross block. The Company disposed off certain assets no longer required. The Company's net block of fixed assets was ₹817.85 Lakhs (Previous year ₹597.83 Lakhs) on consolidated basis and ₹550.18 lakhs (Previous year ₹316.50 lakhs) on standalone basis.

Investments

During 1999, the Company had acquired the whole of the outstanding common stocks numbering 3,000 of no par value of IVth Generation, Inc., New Jersey, USA, Consequent to the acquisition, IVth Generation Inc, a wholly owned subsidiary of the Company, has been renamed as "Subex Technologies Inc." During 2007-08, the Company filed an application with Hon'ble High Court of Karnataka to transfer the Services Business Division (which included the investment in Subex Technologies Inc.,) to Subex Technologies Ltd, a wholly owned subsidiary of Subex Ltd under a scheme of arrangement. On obtaining the order from the Hon'ble High Court of Karnataka, the Company has transferred the Services business to Subex Technologies Ltd with effect from September 1, 2007 (appointed date) at an aggregate consideration of ₹31,00,00,000. In accordance with the order of the Hon'ble High Court, the Company shall receive 30,00,000 shares of Subex Technologies Ltd valued at ₹3,00,00,000 in settlement of the consideration with the balance ₹28,00,00,000 being treated as unsecured loan taken by the subsidiary from the Company.

On June 23, 2006, the Company acquired the entire share holding of Azure Solutions Ltd, UK. The consideration was discharged by issue of 1,17,28,728 GDRs each representing one equity share of ₹10/- at a premium of ₹522.24 per share and cash of ₹2,145.70 Lakh.

During the year 2007-08, the Company completed the acquisition of Syndesis Ltd, Canada, a company engaged in Service Assurance and fulfillment space in the Telecom service industry. Pursuant to the acquisition, Syndesis Limited has been renamed as Subex Americas Inc.

During the year 2009-10, the Company recognized an amount of ₹50,000 Lakh as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2010 is ₹27,495.70 Lakh.

During the year 2010-11, the Company recognized an amount of ₹15,000 Lakh as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2011 is ₹12,495.70 Lakh.

During the year 2010-11, the Company recognized an amount of ₹400 lakh as diminution in carrying value of investments in Subex Technologies Ltd. Consequently, the investment carrying value as of March 31, 2011 is ₹Nil.

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

Sundry Debtors as a percentage of total revenue is 34.19% as against 29.57% in the previous year, on a consolidated basis.

The age profile on consolidated basis is as given below: *Amount in ₹Lakhs*

Period in days	March 31, 2015		March 31, 2014	
	Value	%	Value	%
Less than 180 days	11,807.08	95.98	9,011.40	89.60
More than 180 days	494.77	4.02	1046.20	10.40
Total	**12,301.85**	**100.00**	**10,057.60**	**100.00**

The age profile on standalone basis is as given below: *Amount in ₹Lakhs*

Period in days	March 31, 2015		March 31, 2014	
	Value	%	Value	%
Less than 180 days	52,652.62	79.74	56,300.48	78.73
More than 180 days	13,377.60	20.26	15,210.23	21.27
Total	**66,030.22**	**100 .00**	**71,510.71**	**100.00**

The management believes that the overall composition and condition of sundry debtors is satisfactory post assessment of doubtful receivables. The provision for doubtful debts stands at ₹5,317.63 Lakhs (Previous Year ₹4,770.44 Lakhs) on consolidated basis and ₹7,288.74 Lakhs (Previous Year ₹6,085.65 Lakhs) on standalone basis.

Cash and Cash Equivalents

The bank balances includes both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹15.65 Lakhs (Previous Year: ₹45.45 Lakhs) on Standalone basis and ₹751.92 Lakhs (Previous Year: ₹485.42 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.

Advance Taxes comprise of Advance Income taxes, net of provision for taxation represents payments made towards tax liability pending assessment and refunds due. MAT credit entitlement represents the net available credit of the Minimum Alternate tax for future years.

Loans due from Group Companies (Standalone basis) *₹in Lakhs*

Particulars	March 31, 2015	March 31, 2014
Subex Americas Inc	1,844.20	1,838.22
Subex Technologies Ltd	1,711.37	1,705.67

The advance to Subex Technologies Limited are provided for to the extent of ₹1,705.67 Lakhs.

Statement of Profit & Loss

Income

The segment wise break up of income on consolidated basis is given below: *Amount in ₹Lakh except percentages*

Period in days	March 31, 2015		March 31, 2014	
	Value	%	Value	%
Software Products	35,983.31	100.00	34,005.16	100.00
Software Services	–	–	–	–
Total	35,983.31	100.00	34,005.16	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 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 decreased to ₹16,375.55 Lakhs (Previous year: ₹17,929.30 Lakhs) on consolidated basis and increased to ₹7,405.82 Lakhs (Previous year: ₹6,559.83 Lakhs) on standalone basis.

The Company incurred administration and other expenses excluding employee benefit expenses at 26.35% of its total Income during the year as compared to 24.87% during the previous year on consolidated basis and 62.13% of its total income during the year as compared to 60.80% during the previous year on a standalone basis.

Operating Profits

During the year, on consolidated basis, the Company earned an Operating Profit/(Loss) before Interest, depreciation, tax and exceptional items of ₹8,008.66 Lakhs being 22.20% of total revenue as against ₹6,771.84 Lakhs at 19.65% during the previous year. On a standalone basis, the Company earned Operating Profit/(Loss) before Interest, depreciation, tax and exceptional items of ₹2,467.13 Lakhs being

8.00% of total income as against ₹4,377.98 Lakhs at 14.76% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹6,104.63 Lakhs (Previous year: ₹6,747.76 Lakhs) on consolidated basis and ₹5,171.58 Lakhs (Previous year: ₹5,828.83 Lakhs) on standalone basis. The interest paid/accrued is related to working capital loan including interest on FCCBs amounting to ₹3,352.21 Lakhs (Previous Year: ₹3,422.30 Lakhs).

Depreciation

The provision for depreciation for the year amounted to ₹402.04 Lakhs (Previous year: ₹248.34 Lakhs) on consolidated basis and ₹258.44 Lakhs (Previous year: ₹161.31 Lakhs) on standalone basis.

The intangible assets i.e. IPRs and goodwill are being depreciated over 5 years in accordance with the Company's assessment of useful life thereof. The asset has been fully depreciated.

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 Profit of ₹1,021.45 Lakhs , as against a loss of ₹1,161.27 Lakhs during the previous year. On standalone basis, the net profit of the Company amounted to loss of ₹2,840.01 Lakhs as against a loss of ₹2,952.88 Lakhs during the previous year.

Earnings per Share

Basic Earnings/(Loss) per share computed on the basis of number of common stock outstanding, as on the Balance Sheet date is of ₹0.59 per share (Previous year: ₹(0.70) per share) on consolidated basis and loss of ₹(1.65) per share (Previous year: ₹(1.77) 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 differentiator and how we define our capability requirements, training needs and retention strategies 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 Subexians realize their full potential, we can achieve our broader business goals. The Subex population is spread across the globe in our multiple offices. The larger centers are our offices in Bangalore, London, Denver, Dubai and Singapore. As of March 31, 2015, we had 880 Subexians on our rolls globally.

Human Resources at Subex is centralized at our corporate headquarters in Bangalore, 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.

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 Service projects within the permissible time, without having to carry a large bench strength.

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 on taking Subex Academy to the next level and improving the efficiency of 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 25 different training programmes in this FY. 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.

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 Subexians receiving awards which are monetary.

Independent Auditors' Report

TO THE MEMBERS OF SUBEX LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SUBEX LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 38.9 to the standalone financial statements regarding the management's assessment of loans and advances amounting to ₹ 1,844.20 Lakhs and aggregate of trade receivables amounting to ₹ 17,392.30 Lakhs from one of its subsidiaries that have been considered good and recoverable based on the future operational plans and cash flows, and that there is no diminution, other than temporary, in the carrying value of its investment of ₹ 12,495.74 Lakhs in the said subsidiary and hence no provision has been made at this stage for the reasons stated therein.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The matter relating to recoverability of the loans and advances and aggregate of trade receivables from one of the subsidiaries which is dependent on future operational plans and cash flows described under the Emphasis of Matter paragraph above and Note 38.9 to the standalone financial statements, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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 Note 35 of the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Monisha Parikh
Partner
Membership No. 47840

Mumbai, May 14, 2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities, clauses (v), (vi) and (xi) of paragraph 3 of the Order are not applicable to the Company.

i. In respect of its fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

   (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

ii. In respect of its inventories:

   (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

v. According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
Income Tax Act, 1961	Income tax	Hon'ble High Court of Karnataka	2001-02	0.04
			2003-04	28.87
		Income Tax Appellate Tribunal (certain matters with Commissioner Income Tax – Appeals)	2005-06	108.91
			2007-08	3,005.74
			2008-09	343.57
			2009-10	910.73
		Commissioner Income Tax – Appeals	2006-07	309.47

d. The Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

vi. The Company does not have accumulated losses at the end of the financial year and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

vii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.

viii. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Monisha Parikh
Partner
Membership No. 47840

Mumbai, May 14, 2015

Balance Sheet

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
A EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	3	18,292.26	16,664.00
(b) Reserves and Surplus	4	10,600.48	10,719.72
SUB TOTAL - SHAREHOLDERS' FUNDS		28,892.74	27,383.72
2. NON - CURRENT LIABILITIES			
(a) Long-term Borrowings	5	52,456.25	54,253.03
(b) Other Long-term Liabilities	6	8,287.45	5,074.64
(c) Long-term Provisions	7	511.63	428.22
SUB TOTAL - NON CURRENT LIABILITIES		61,255.33	59,755.89
3. CURRENT LIABILITIES			
(a) Short-term Borrowings	8	12,506.54	14,817.30
(b) Trade Payables - Other than acceptances	38.5	46,497.16	51,448.00
(c) Other Current Liabilities	9	2,330.36	2,318.30
(d) Short-term Provisions	10	33.21	7.63
SUB TOTAL - CURRENT LIABILITIES		61,367.27	68,591.23
TOTAL		1,51,515.34	1,55,730.84
B ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed Assets	11		
(i) Tangible Assets		447.00	261.24
(ii) Intangible Assets		103.18	55.26
		550.18	316.50
(b) Non Current Investments	12	77,234.42	77,234.42
(c) Deferred Tax Assets (net)	34	–	–
(d) Long-term Loans and Advances	13	4,511.87	4,093.96
(e) Other Non - Current Assets	14	13,046.76	14,998.50
SUB TOTAL - NON-CURRENT ASSETS		95,343.23	96,643.38
2. CURRENT ASSETS			
(a) Trade Receivables	15	52,983.46	56,989.38
(b) Cash and Cash Equivalents	16	146.37	86.09
(c) Short-term Loans and Advances	17	869.22	556.88
(d) Other Current Assets	18	2,173.06	1,455.11
SUB TOTAL - CURRENT ASSETS		56,172.11	59,087.46
TOTAL		1,51,515.34	1,55,730.84
Corporate Information and Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Monisha Parikh
Partner

Mumbai
Date: 14th May, 2015

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

Sanjeev Aga
Director
DIN:00022065

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

Mumbai
Date: 14th May, 2015

Statement of Profit and Loss

₹ in Lakhs

		Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
1	Revenue from Operations	19	30,567.57	29,366.59
	Total revenue		**30,567.57**	**29,366.59**
2	**Expenses**			
	(a) Cost of Hardware, Software and Support Charges	38.6	1,530.47	389.74
	(b) Employee Benefits Expense	21	7,405.82	6,559.83
	(c) Other Expenses	23	19,164.15	18,039.04
	Total Expenses		**28,100.44**	**24,988.61**
3	**Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)**		2,467.13	4,377.98
4	Finance Costs	22	5,171.58	5,828.83
5	Depreciation and Amortisation Expense	11	258.44	161.31
6	Other Income	20	277.79	302.89
7	**Loss before exceptional items and tax (3 - 4 - 5 + 6)**		**(2,685.10)**	**(1,309.27)**
8	Exceptional Items	24	–	1,497.04
9	**Loss before tax (7 - 8)**		**(2,685.10)**	**(2,806.31)**
10	**Tax expense/(benefit)**			
	(a) Current Tax Expense for current year		154.91	110.42
	(b) MAT credit of prior years reversed		–	174.13
	(c) Excess provision for tax relating to prior years		–	(271.86)
	(d) Deferred Tax		–	133.88
	Net Tax expense		**154.91**	**146.57**
11	**Loss for the year (9 -10)**		**(2,840.01)**	**(2,952.88)**
12	Loss Per Share (Face value of ₹ 10/- each)			
	(a) Basic		(1.65)	(1.77)
	(b) Diluted		(1.65)	(1.77)
	Corporate Information and Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Monisha Parikh

Partner

Mumbai

Date: 14th May, 2015

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

Sanjeev Aga

Director

DIN:00022065

Ganesh K.V

Chief Financial Officer, Global Head - Legal and Company Secretary

Mumbai

Date: 14th May, 2015

Cash Flow Statement

₹ in Lakhs

		For the year ended March 31, 2015	For the year ended March 31, 2014
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Loss before tax, for the year	(2,685.10)	(2,806.31)
	Adjustments for :		
	(a) Depreciation and amortization expense	258.44	161.31
	(b) Interest Income	(174.16)	(180.12)
	(c) Finance costs	5,171.58	5,828.83
	(d) (Profit)/Loss on sale / write off of assets	(1.19)	2.29
	(e) Gain on employee stock option scheme	(18.19)	(27.49)
	(f) Provision for doubtful Trade receivables and advances	1,203.09	2,118.13
	(g) Unrealised exchange Loss	2,852.31	737.27
	Operating profit before working capital changes	6,606.78	5,833.91
	Changes in working capital		
	Adjustments for (increase) / decrease in operating assets		
	(a) Trade receivables	2,638.77	(9,430.30)
	(b) Short-term loans and advances	(312.34)	173.51
	(c) Long-term loans and advances	(54.44)	(7.20)
	(d) Other current assets	(676.08)	437.17
	(e) Other Non-current assets	1,951.74	(217.27)
	Adjustments for increase / (decrease) in operating liabilities		
	(a) Trade payables	(4,897.62)	7,628.78
	(b) Other current liabilities	83.79	(864.69)
	(c) Other Long-term liabilities	(117.81)	102.24
	(d) Short-term provisions	25.78	(35.44)
	(e) Long-term provisions	83.41	(8.99)
	Cash generated from operations	5,331.98	3,611.72
	Net tax (paid) / refunds and others	(518.38)	50.96
	Net cash flow from operating activities (A)	4,813.60	3,662.68
B	CASH FLOW FROM INVESTING ACTIVITIES		
	(a) Capital expenditure on fixed assets, including capital advances	(508.86)	(147.05)
	(b) Proceeds from sale of fixed assets	8.46	–
	(c) Interest received - Others	4.81	30.25
	(d) Interest received- Subsidiaries	–	171.62
	(e) Investment in bank deposits - net	31.11	250.91
	Net cash flow from / (used in) investing activities (B)	(464.48)	305.73

Cash Flow Statement *(contd...)*

₹ in Lakhs

		For the year ended March 31, 2015	For the year ended March 31, 2014
C	CASH FLOW FROM FINANCING ACTIVITIES		
	(a) Net increase/(decrease) in working capital borrowings from banks	(2,437.05)	(1,733.16)
	(b) Repayment of Long-term borrowings	–	(0.92)
	(c) Dividends paid	(1.31)	1.61
	(d) Finance cost	(1,819.37)	(2,284.98)
	Net cash flow used in financing activities (C)	**(4,257.73)**	**(4,017.45)**
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**91.39**	**(49.04)**
	Cash or Cash equivalents at the beginning of the year	39.33	88.37
	Cash or Cash equivalents at the end of the year*	**130.72**	**39.33**
	***Cash and cash equivalents**	–	–
	Cash on hand	–	–
	Balance with Banks		
	in Current Accounts	57.06	28.91
	in EEFC accounts	73.66	10.42
		130.72	**39.33**
	Balance as considered as in Note 16 "Cash and Cash Equivalents"	**130.72**	**39.33**
Corporate Information and Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Monisha Parikh

Partner

Mumbai

Date: 14th May, 2015

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780

Anil Singhvi
Director
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Nisha Dutt
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DIN:06465957

Sanjeev Aga
Director
DIN:00022065

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

Mumbai

Date: 14th May, 2015

Notes forming part of the Financial Statements

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION

Subex Limited, 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 Center (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 a development center in India and sales offices in the form of wholly owned subsidiaries/ branches in UK, USA, Singapore, Australia, Dubai and Canada.

2 SIGNIFICANT ACCOUNTING POLICIES

I. Basis for preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, except to the extent permitted under the Proposal approved by the Hon'ble High Court of Karnataka (Refer Note 25). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III. Revenue recognition

Revenue from Contracts for software product license includes fees for transfer of licenses, installation and commissioning. This revenue is recognized on the basis of milestones achieved, determined based on percentage of completion of work completed at each milestone as compared to the work involved in the overall scope of the contract. In the event of any expected losses on a contract, the entire amount is provided for in the accounting period in which such losses are first anticipated.

Revenue from sale of software licenses (including additional licenses) are recognized on transfer of such licenses.

In case of composite contracts involving granting of license and support services, license revenues are recognized on transfer of the license if identified separately and in other cases, they are recognized over the period of the contract along with revenue from support services.

Revenue from Software development is recognized on the basis of chargeable time or achievement of prescribed milestones as relevant to each contract.

Sale of hardware under reseller arrangements are recognized on dispatch of goods to customers and are recorded net of discounts, rebates for price adjustment, projections, shortage in transit, taxes and duties.

Maintenance and service income is recognised on time proportion basis.

IV. Tangible fixed assets

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other direct expenditure incurred. Assets acquired on hire purchase are capitalised at gross value and interest thereon is charged to revenue.

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

V. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset (Refer Note: 2.XI for accounting for R&D expenses).

VI. Depreciation & amortisation

Depreciable amount for assets is the cost of the asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. (Also refer Note 38.2)

Individual assets costing less than ₹ 5,000 are depreciated in full, in the year of purchase.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

VII. Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Company has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the quoted market price on the day prior to the grant of the options under ESOS exceeds the exercise price of the option. In accordance with the SEBI guidelines, the intrinsic value is amortised on a straight line basis over the vesting period.

VIII. Employee Benefits

Employee benefits include provident fund, gratuity fund, employee state insurance, compensated absences, retention and performance linked payouts.

Defined contribution plans: The Company's contribution to provident fund and employee state insurance scheme is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans: For defined benefit plans in the form of gratuity fund, 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 Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits: The undiscounted amount of 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. These benefits include retention and performance linked payouts and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits: Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

IX. Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

X. Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value 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 obtain a constant periodic rate of interest on the outstanding liability for each year.

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 Profit and Loss on a straight line basis.

XI. Research and development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

XII. Foreign currency transactions and translation

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations 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.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a “Foreign currency translation reserve” until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long term foreign currency monetary items are:

- capitalised, if related to acquisition of depreciable fixed assets, and depreciated over the remaining useful life of such assets; or
- amortised over the maturity period of such items in other cases.

Notes forming part of the Financial Statements

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted the amendments to Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates” that were notified during the year ended March 31, 2012. Pursuant to this amendment, exchange fluctuations arising on restatement of all long term monetary foreign currency assets and liabilities at rates different from those at which they were initially recorded or reported in the previous financial statements (whichever is later), are accumulated in a Foreign Currency Monetary Item Translation Difference account and are amortised over the balance period of such long term asset / liability (Refer Note 28).

Accounting for Forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

Accounting for Derivatives

Derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable forecast transactions, which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Forward contracts.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

XIII. Investments

Long-term investments are stated at cost less diminution in the value of investments that is other than temporary.

XIV. Taxes on income

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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, 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 Company will pay normal income tax in the foreseeable future. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company and can be measured reliably.

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 in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. 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, deferred tax assets are recognised only if there is virtual certainity supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

XV. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

XVI. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax, is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes forming part of the Financial Statements

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

XVII. Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event; 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not provided for but disclosed in the notes to the financial statements.

XVIII. Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

XIX. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest (net of any attributable taxes) and 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 from continuing ordinary operations. 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. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

XX. Segment reporting

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.

XXI. Operating Cycle

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

Notes forming part of the Financial Statements

Note - 3 SHARE CAPITAL

₹ *in Lakhs*

	As at March 31, 2015	As at March 31, 2014
AUTHORISED		
49,50,40,000 Equity Shares of ₹ 10/- each (Previous Year: 49,50,40,000 Equity Shares of ₹10/- each)	49,504.00	49,504.00
2,00,000 Preference Shares of ₹ 98/- each	196.00	196.00
Total	49,700.00	49,700.00
ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES		
18,29,22,575 Equity Shares of ₹ 10/- each (Previous Year : 16,66,39,962 Equity Shares of ₹ 10/- each)	18,292.26	16,664.00
Total	18,292.26	16,664.00

NOTES

A Reconciliation of the number of Equity shares at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	ESOP	Conversion of FCCB	Closing Balance
Equity Shares (No. of shares)					
Year ended 31 March, 2015	16,66,39,962	–	–	1,62,82,613	18,29,22,575
Year ended 31 March, 2014	16,66,39,962	–	–	–	16,66,39,962

Reconciliation of the amount outstanding at the beginning and at the end of the reporting period

₹ *in Lakhs*

Particulars	Opening Balance	Fresh issue	ESOP	Conversion of FCCB	Closing Balance
Equity Share Capital					
Year ended 31 March, 2015	16,664.00	–	–	1,628.26	18,292.26
Year ended 31 March, 2014	16,664.00	–	–	–	16,664.00

B The Company has only one class of Equity Share, having a par value of ₹ 10/-. The holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

C Details of shares held by each shareholder (together with Persons Acting in Concert[PAC]) holding more than 5% shares.*

Class of shares / Name of shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares				
QVT Mauritius West Fund & Quintessence Mauritius West Fund	1,33,47,888	7.36%	1,33,47,888	8.01%
Suffolk (Mauritius) Limited & Mansfield (Mauritius) Limited	1,73,72,221	9.58%	1,73,72,221	10.43%
Deutche Bank AG London -CB Account	1,08,92,721	6.01%	1,08,92,721	6.54%
Nomura Singapore Limited	1,02,34,433	5.64%	1,02,34,433	6.14%
Merill Lynch Capital Markets Espana SA SV	1,01,92,621	5.62%	1,01,92,621	6.12%

*As confirmed by the registrar

D As at 31 March, 2015 20,42,55,610 shares (As at 31 March, 2014, 21,91,55,913 shares) were reserved for issuance as follows:

i) 1,925 shares (As at 31 March, 2014, 2975 shares) of ₹ 10 each towards outstanding employee stock options scheme under 'ESOP 2000' granted / available for grant.

ii) 7,41,072 shares (As at 31 March, 2014, 8,63,950 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2005' granted / available for grant.

iii) 4,75,010 shares (As at 31 March, 2014, 5,67,518 shares) of ₹ 10 each towards outstanding employee stock options scheme under 'ESOP 2008' granted / available for grant.

Notes forming part of the Financial Statements

Note - 3 SHARE CAPITAL *(contd...)*

iv) 67,174 shares (As at 31 March, 2014, 67,174 shares) of ₹ 10 each towards conversion of foreign currency convertible bonds(FCCB I) available for conversion. Refer note 26

v) 8,39,721 shares (As at 31 March, 2014, 8,39,721 shares) of ₹ 10 each towards conversion of foreign currency convertible bonds (FCCB II) available for conversion. Refer Note 26

vi) 20,21,30,708 shares (As at 31 March, 2014 21,68,14,575 shares) of ₹ 10 each towards Conversion of Foreign currency convertible bond (FCCB III) available for conversion. Refer note 26

E Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at March 31, 2015	As at March 31, 2014
In accordance with the terms of FCCBs III, out of the principal face value of US$ 127.721 Million, an amount of US$ 36.321 Million were mandatorily converted into equity shares on July 07, 2012. (Refer note 26)	8,93,35,462	8,93,35,462

Note - 4 RESERVES AND SURPLUS

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
General Reserve		**1,779.76**	**1,779.76**
Securities Premium Account			
Opening Balance		10,561.61	10,615.20
Add : Additions during the year on conversion of FCCBs		2,082.55	–
Less: Adjustment towards accrual for redemption premium on FCCBs (Net)		(24.66)	(53.59)
Closing Balance		**12,619.50**	**10,561.61**
Business Restructuring Reserve			
Opening Balance	25	–	80.62
Amounts utilised for Permitted Utilisations (Net)		–	(80.62)
Closing Balance		–	–
Share Options Outstanding Account			
Opening Balance		98.96	138.49
Less: Written back to the Statement of Profit and loss / other accounts during the year		(20.42)	(39.53)
Closing Balance		78.54	98.96
Less : Deferred Stock Compensation Expenses		(0.44)	(2.67)
Share Options Outstanding Account (Net)		**78.10**	**96.29**
Foreign Currency Monetary Item Translation Difference Account			
Opening Balance -(Debit)/Credit	28	(5,801.74)	(2,765.65)
(Add)/Less: Effect of foreign exchange rate variation during the year		(2,355.55)	(5,097.97)
(Add)/Less: Amortisation for the year		3,046.08	2,061.88
Closing Balance		**(5,111.21)**	**(5,801.74)**
Surplus / (Deficit) in Statement of Profit and Loss			
Opening balance		4,083.80	7,036.68
Less: Transitional adjustment on depreciation		(9.46)	–
Less : Loss for the year	38.2	(2,840.01)	(2,952.88)
Closing Balance		**1,234.33**	**4,083.80**
Total Reserves and Surplus		**10,600.48**	**10,719.72**

Notes forming part of the Financial Statements

Note - 5 LONG-TERM BORROWINGS

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Foreign Currency Convertible Bonds (Refer Note for details of security and other terms)			
Secured	26	50,956.17	52,815.00
Unsecured		1,500.08	1,438.03
Total		52,456.25	54,253.03

Note - 6 OTHER LONG-TERM LIABILITIES

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Accrual for premium payable on redemption of bonds		596.25	571.59
Interest accrued but not due on borrowings		7,691.20	4,385.44
Deferred Rent		–	24.79
Unearned Revenue		–	92.82
Total		8,287.45	5,074.64

Note - 7 LONG-TERM PROVISIONS

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits			
Provision for compensated absences	29(c)	89.78	75.83
Provision for gratuity	29(b)	320.15	250.69
Provision for Tax (Net of Advance Tax of ₹ 107.37 Lakhs) (As at March 31, 2014 ₹ 107.37 Lakhs)		101.70	101.70
Total		511.63	428.22

Note - 8 SHORT-TERM BORROWINGS

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
From Banks (Secured)			
Loan Type I (Refer Note (i) below)		6,906.14	8,298.83
Loan Type II (Refer Note (i), (ii) and (iii) below)		5,600.40	6,518.47
Total		12,506.54	14,817.30

(i) The secured Loan Type I and II 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 alongwith 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.

(ii) The Company has also submitted a corporate guarantee of Subex Technologies Limited. In the previous year, the said loan was further covered by personal guarantee of a director of the Company apart from corporate guarantee in which a director is interested.

(iii) In addition, in case of secured Loan Type II the Company is in the process of executing a corporate guarantee from Subex UK Limited and a pledge of 100% shares of Subex UK Limited held by the Company.

Notes forming part of the Financial Statements

Note - 9 OTHER CURRENT LIABILITIES

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on borrowings		815.94	886.36
Unclaimed Dividends	38.1	–	1.31
Unearned Revenue		1,210.49	1,142.21
Other Payables			
Statutory remittances		265.38	249.45
Deferred Rent		38.55	38.97
Total		2,330.36	2,318.30

Note - 10 SHORT-TERM PROVISIONS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits			
Provision for compensated absences	29(c)	24.44	5.49
Provision for gratuity	29(b)	7.95	1.13
Provision for Wealth Tax (Net of Advance Tax of ₹ 1.01 Lakhs) (As at March 31, 2014 ₹ Nil)		0.82	1.01
Total		33.21	7.63

Note - 11 FIXED ASSETS

Amount in ₹ Lakhs

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK
		As at 01-Apr-14	Additions during the year	Deletions during the year	As at 31-Mar-15	Upto 01-Apr-14	Adjustments Refer Note 38.2	For the year	Withdrawn on Deletions	Upto 31-Mar-15	As at 31-Mar-15
11A	**Tangible Fixed Assets**										
1	Computer Hardware	2,034.11	393.37	153.70	2,273.78	1,809.25	9.46	197.12	149.52	1,866.31	407.47
	(Previous Year balance)	*(1,914.72)*	*(119.39)*	*(-)*	*(2,034.11)*	*(1,709.02)*	*(-)*	*(100.23)*	*(-)*	*(1,809.25)*	*(224.86)*
2	Furniture & Fixtures	66.19	–	–	66.19	60.93	–	2.20	–	63.13	3.06
	(Previous Year balance)	*(66.19)*	*(-)*	*(-)*	*(66.19)*	*(58.70)*	*(-)*	*(2.23)*	*(-)*	*(60.93)*	*(5.26)*
3	Vehicles	30.74	–	–	30.74	30.50	–	0.11	–	30.61	0.13
	(Previous Year balance)	*(84.10)*	*(-)*	*(53.36)*	*(30.74)*	*(81.55)*	*(-)*	*(2.34)*	*(53.39)*	*(30.50)*	*(0.24)*
4	Office Equipments	264.68	23.10	52.17	235.61	233.80	–	14.55	49.08	199.27	36.34
	(Previous Year balance)	*(275.45)*	*(13.74)*	*(24.51)*	*(264.68)*	*(239.93)*	*(-)*	*(16.06)*	*(22.19)*	*(233.80)*	*(30.88)*
	TOTAL TANGIBLE ASSETS	2,395.72	416.47	205.87	2,606.32	2,134.48	9.46	213.98	198.60	2,159.32	447.00
	(Previous Year balance)	*(2,340.46)*	*(133.13)*	*(77.87)*	*(2,395.72)*	*(2,089.20)*	*(-)*	*(120.86)*	*(75.58)*	*(2,134.48)*	*(261.24)*
11B	**Intangible Fixed Assets**										
1	Computer Software	658.70	92.38	–	751.08	603.44	–	44.46	–	647.90	103.18
	(Previous Year balance)	*(644.78)*	*(13.92)*	*(-)*	*(658.70)*	*(562.99)*	*(-)*	*(40.45)*	*(-)*	*(603.44)*	*(55.26)*
2	Goodwill	137.67	–	–	137.67	137.67	–	–	–	137.67	–
	(Previous Year balance)	*(137.67)*	*(-)*	*(-)*	*(137.67)*	*(137.67)*	*(-)*	*(-)*	*(-)*	*(137.67)*	*(-)*
3	Intellectual Property Rights	3,973.95	–	–	3,973.95	3,973.95	–	–	–	3,973.95	–
	(Previous Year balance)	*(3,973.95)*	*(-)*	*(-)*	*(3,973.95)*	*(3,973.95)*	*(-)*	*(-)*	*(-)*	*(3,973.95)*	*(-)*
	TOTAL INTANGIBLE ASSETS	4,770.32	92.38	–	4,862.70	4,715.06	–	44.46	–	4,759.52	103.18
	(Previous Year balance)	*(4,756.40)*	*(13.92)*	*(-)*	*(4,770.32)*	*(4,674.61)*	*(-)*	*(40.45)*	*(-)*	*(4,715.06)*	*(55.26)*
	Total	7,166.04	508.85	205.87	7,469.02	6,849.54	9.46	258.44	198.60	6,918.84	550.18
	(Previous Year)	*(7,096.86)*	*(147.05)*	*(77.87)*	*(7,166.04)*	*(6,763.81)*	*(-)*	*(161.31)*	*(75.58)*	*(6,849.54)*	*(316.50)*

Notes :

(i) The above assets represent assets owned by the company and there are no assets taken on finance lease or given on operating lease

(ii) Computers (included under office equipment) and Computer Software have been classified between tangible and intangible assets, respectively in the current year and the prior year comparables have been appropriately reclassified.

Notes forming part of the Financial Statements

Note - 12 NON-CURRENT INVESTMENTS (At cost, unless otherwise stated)

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
(Long term, trade, unquoted)			
Investments in Equity shares In wholly owned subsidiaries			
39,99,994 equity shares of ₹ 10 each fully paid up in Subex Technlogies Limited, India {Net of provision for other than temporary diminution ₹ 400 Lakhs (Previous year ₹ 400 Lakhs)}		-	-
50,39,565,245 Equity shares fully paid, Par Value of GBP 0.00001 each, in Subex (UK) Ltd.		64,738.68	64,738.68
100 equity shares fully paid, no-par value, in Subex Americas Inc, Canada {Net of provision for other than temporary diminution ₹ 65,000 lakhs (Previous year ₹ 65,000 Lakhs)}		12,495.74	12,495.74
Total		77,234.42	77,234.42
Aggregate amount of unquoted investments (At cost)		1,42,634.42	1,42,634.42
Aggregate provision made for other than temporary diminution in value of long term investments		65,400.00	65,400.00

Note - 13 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Advance Tax (net of provision for ₹ 1,570.29 Lakhs) (As at March 31,2014 ₹ 1,415.39 Lakhs)		1,660.66	1,297.19
Balances with government authorities - Service Tax Credit Receivable		266.90	266.90
Security Deposits		734.41	734.57
Balance with related parties			
Unsecured, considered good	31(ii)	1,849.90	1,795.30
Unsecured, considered doubtful	31(ii)	1,705.67	1,705.67
Less: Provision for doubtful loans and advances		(1,705.67)	(1,705.67)
		1,849.90	1,795.30
Total		4,511.87	4,093.96

Note - 14 OTHER NON - CURRENT ASSETS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Long-term Trade Receivables			
(Unsecured)			
Outstanding for more than six months from the due date			
Considered Good		13,046.76	14,521.33
Considered Doubtful		7,288.74	6,047.02
Less: Provision for Doubtful trade receivables		(7,288.74)	(6,047.02)
		13,046.76	14,521.33
Unbilled Revenue		-	477.17
Total		13,046.76	14,998.50

Notes forming part of the Financial Statements

Note - 15 TRADE RECEIVABLES

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
(Unsecured)			
Outstanding for a period exceeding six months from due date			
Considered Good		330.84	688.90
Other Trade receivables			
Considered Good		52,652.62	56,300.48
Considered Doubtful		–	38.63
Less: Provision for doubtful trade receivables		–	(38.63)
		52,652.62	56,300.48
Total		**52,983.46**	**56,989.38**

Note - 16 CASH AND CASH EQUIVALENTS

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
(a) Cash on Hand			
(b) Balance with Banks			
(i) in Current Accounts		57.06	28.91
(ii) in EEFC Accounts		73.66	10.42
(iii) in Earmarked Accounts			
- Unclaimed dividend Accounts	38.1	–	1.31
(c) Others			
Margin Money Deposits (Note(i))		15.65	45.45
Total		146.37	86.09

Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is ₹ 130.72 Lakhs (Previous Year ₹ 39.33 Lakhs).

Note : (i)Balances with banks - Margin Money Deposits include deposits with remaining maturity of less than 12 months from the balance sheet date

Note - 17 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good)

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Loans and advances to employees		202.68	137.81
Advance recoverable	38.8	233.80	233.80
Prepaid expenses		198.36	183.01
Advance to Suppliers		234.38	2.26
Total		869.22	556.88

Note - 18 OTHER CURRENT ASSETS (Unsecured, considered good)

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Unbilled Revenue		2,114.63	1,376.05
Interest accrued but not due on bank deposits		2.01	2.75
Contractually Recoverable Expenses		56.42	76.31
Total		2,173.06	1,455.11

Note - 19 REVENUE FROM OPERATIONS

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Income from Sale of Products (and related services)		30,567.57	29,366.59
Total		30,567.57	29,366.59

Notes forming part of the Financial Statements

Note - 20 OTHER INCOME

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income			
Interest on deposit accounts from banks		4.07	8.50
Interest on Inter-company loans and advances		170.09	171.62
Other non-operating income			
Profit on sale of Fixed Assets (Net)		1.19	–
Miscellaneous Income		47.08	122.77
Liabilities no longer required written back		55.36	–
Total		277.79	302.89

Note - 21 EMPLOYEE BENEFITS EXPENSE

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries & Wages		6,575.89	6,025.46
Contribution to Provident Fund and Other Funds		375.46	262.77
Expense on Employee Stock Option Scheme (ESOP)		(9.68)	(14.34)
Staff Welfare Expenses		279.27	200.62
Sub Contract Charges		184.88	85.32
Total		7,405.82	6,559.83

Note - 22 FINANCE COSTS

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest Expenses on:			
Foreign Currency Convertible Bonds		3,352.21	3,422.30
Other Borrowings		1,638.10	2,188.11
Other Borrowings Costs - Bank Charges		181.27	218.42
Total		5,171.58	5,828.83

Note - 23 OTHER EXPENSES

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Software Purchases		53.85	26.57
Rent		1,085.74	1,081.32
Power, Fuel and Water Charges		208.95	172.32
Repairs & Maintenance		446.19	354.01
Insurance		122.39	123.48
Communication Costs		94.32	96.04
Printing & Stationery		19.30	33.61
Travelling & Conveyance		1,507.18	1,290.71
Rates & Taxes Including Filing Fees		72.35	80.12
Advertisement & Business Promotion		40.21	27.62
Consultancy Charges		337.94	600.36
Payments to Auditors	37	97.10	97.77
Marketing & Allied Service Charges (including commission)		11,787.80	12,823.16
Provision for Doubtful trade receivables and loans and advances		1,203.09	632.10
Loss on sale of Fixed Assets (Net)		–	2.29
Exchange Fluctuation loss (Net)		2,067.31	570.52
Director sitting fees		12.90	4.20
Miscellaneous Expenses		7.53	22.82
Total		19,164.15	18,039.04

Notes forming part of the Financial Statements

Note - 24 EXCEPTIONAL ITEMS

₹ in Lakhs

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Provision for Doubtful Trade Receivables		–	1,497.04
Based on the assessment of receivables an amount of Nil (31 March, 2014 : ₹ 1,497 Lakhs) is provided towards certain doubtful receivables. Considering that such provision is significant and relevant in understanding the financial performance, it has been disclosed separately under exceptional item.			
Total		–	**1,497.04**

Note - 25 ACCOUNTING UNDER THE PROPOSAL APPROVED BY THE HON'BLE HIGH COURT

(a) During the year ended March 31, 2010, the shareholders of the Company approved the Board's proposal (hereinafter referred to as 'the Proposal' for transferring amounts from the Securities Premium and Capital Reserves as on or arising after April 1, 2009) (upto March 31, 2012) to a Business Restructuring Reserve (BRR) to be utilised from April 1, 2009 for certain Permitted Utilisations as mentioned in the Proposal.

The Proposal was approved by the Hon'ble High court of Karnataka on May 4, 2010 and was registered with the Registrar of Companies on May 11, 2010, thereby completing all the requirements for the order to be effective.

(b) Adjustments in the BRR during the year ended :

Amount in ₹ Lakhs

Particulars of adjustments	March 31, 2015	March 31, 2014
Provision for doubtful trade receivables	–	80.62

(c) Had the Proposal not provided for the above, the effect of accounting under the Accounting Standards referred to in Rule 7 of the Companies (Accounts) Rules, 2014 (Previous Year: Section 211(3C) of the Companies Act, 1956) would have been as under

Amount in ₹ Lakhs except as otherwise indicated

In the Statement of Profit and loss	March 31, 2015	March 31, 2014
Expenses would have been higher by:		
- Provision towards doubtful trade receivables	–	80.62
Loss after Tax would have been higher by	–	80.62
Basic Earnings/(Loss) per share would have been – ₹	(1.65)	(1.82)
Diluted Earnings/(Loss) per share would have been – ₹	(1.65)	(1.82)

Note - 26 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds (FCCB 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/ US1$
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/ US1$
iii) Conversion price : ₹ 80.31 per share
iv) Redemption date : March 09, 2012

Notes forming part of the Financial Statements

Note - 26 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

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$ 127.72 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.

c) The terms and conditions of FCCB III are as under:

i) Interest rate : 5.70% p.a. payable semi annually

ii) Exchange rate for conversion of FCCB : ₹ 56.06/ US1$

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 paripassu 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 & to the extent covered by the existing security. First ranking charge on FCCB Repayment fund on a paripassu basis jointly & equally with SBI & Axis Bank Ltd. The promoters of the company have pledged their share towards securing the repayment of FCCB III.

vii) Mandatory conversion of bonds with a face value of US$ 36.32 Million into equity shares at the aforesaid conversion price on July 07, 2012.

During 2012-13, 2013-14 and 2014-15, FCCB III with a face value of US$ 3.25 Million, US$ Nil and US$ 6.62 Million, respectively, were converted into equity shares of the Company, retaining a closing balance of US$ 81.53 Million as at March 31, 2015 (Previous Year : US$ 88.15 Million).

The Company has, during 2013-14 and 2014-15, received approvals from the FCCB holders for deferment of the semi-annual interest payments falling due on January 2013, July 2013, January 2014, July 2014 and January 2015 to be settled with the principal on the redemption date. These have accordingly been categorized as long-term liabilities.

d) 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.

e) FCCB I : As at March 31, 2015, the face value of the US$ 1 Million FCCBs (Previous Year US$ 1 Million) amounts to ₹ 625.03 Lakhs (Previous Year: ₹ 599.16 Lakhs) and is included in Note 5 – Long Term Borrowings.

The premium payable on maturity has been accrued by a charge to Securities Premium.

FCCB II :As at March 31, 2015, the face value of the US$ 1.40 Million FCCBs (Previous Year US$ 1.40 Million) amounts to ₹ 875.05 Lakhs (Previous Year: ₹ 838.87 Lakhs) and is included in Note 5 – Long Term Borrowings.

The premium payable on maturity has been accrued by a charge to Securities Premium.

FCCB III :As at March 31, 2015, the face value of the US$ 81.53 Million FCCBs (Previous Year US$ 88.15 Million) amounts to ₹ 50,956.17 Lakhs (Previous Year: ₹ 52,815.00 Lakhs) and is included in Note 5 – Long Term Borrowings. Subsequent to the year ended March 31, 2015, the company has received an intimation for conversion of FCCB's III of US$ 5 Million, leaving an outstanding of FCCB III bonds of face value of US$ 76.53 Million.

f) The Board in its meeting on May 14, 2015 has approved the reset of conversion price of the FCCB III which are convertible into equity shares of the Company, from ₹ 22.79 to ₹ 13.00 per equity share. As a result of the reset of conversion price, subject to necessary approvals, the said bonds of face value of US$ 76.53 Million would potentially be converted into 329,988,530 shares at an exchange rate of ₹ 56.05.

Notes forming part of the Financial Statements

Note - 27 EMPLOYEES STOCK OPTION PLAN (ESOP)

The Company during the years 1999-2000, 2005-2006 and 2008-09 has established ESOP II, ESOP III and ESOP IV respectively.

These schemes have been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 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 Company has obtained in-principle approval for listing of shares upto a limit as mentioned below.

ESOP II : 8,83,750 shares

ESOP III : 20,00,000 shares

ESOP IV : 20,00,000 shares

Employees' Stock Options Details as on the Balance Sheet Date are

Particulars	2014-15		2013-14	
	Options (No's)	Weighted average exercise price per stock option (₹)	Options (No's)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	2,975	67.00	4,670	82.63
ESOP – III	8,63,950	30.78	11,31,147	34.04
ESOP – IV	5,67,518	28.56	7,30,806	28.79
Granted during the year				
ESOP – II	–	–	–	–
ESOP – III	–	–	–	–
ESOP – IV	–	–	–	–
Exercised during the year				
ESOP – II	–	–	–	–
ESOP – III	–	–	–	–
ESOP – IV	–	–	–	–
Cancelled, Surrendered or Lapsed during the year				
ESOP – II	1,050	–	1,695	–
ESOP – III	1,22,878	–	2,67,197	–
ESOP – IV	92,508	–	1,63,288	–
Options outstanding at the end of the year				
ESOP – II	1,925	67.00	2,975	67
ESOP – III	7,41,072	27.99	8,63,950	30.78
ESOP – IV	4,75,010	28.49	5,67,518	28.56
Options exercisable at the end of the year				
ESOP – II	1,925	–	2,975	–
ESOP – III	6,66,967	–	7,09,638	–
ESOP – IV	4,75,010	–	4,98,483	–

[Weighted average remaining contractual life (considering vesting and exercise period)]

ESOP – II At March 31, 2014: 1.02 Years
At March 31, 2015: 0.37 Years

ESOP – III At March 31, 2014: 2.12 Years
At March 31, 2015: 1.16 Years

ESOP – IV At March 31, 2014: 2.17 Years
At March 31, 2015: 1.17 Years

Notes forming part of the Financial Statements

Note - 27 EMPLOYEES STOCK OPTION PLAN (ESOP)

Fair Value Methodology

The fair value of options used to compute pro-forma net income and earnings per equity share have been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value is: risk-free interest rate of 8% (Previous year 8%), expected life: 3 years (Previous year: 3 years), expected volatility of share: 54.49% (Previous year 54.49%), and expected dividend yield: 0% (Previous year 0%) The variables detailed herein represent the average of the assumptions during the pendency of the grant dates.

The impact on the EPS of the Company if fair value method is adopted is given below:

Amount in ₹ Lakhs except as otherwise indicated

Particulars	March 31, 2015	March 31, 2014
Net Loss for the year (as reported)	(2,840.01)	(2,952.88)
Add : Stock-based employee compensation relating to grants after Apr 1, 2006	(9.68)	(14.34)
Less : Stock-based compensation expenses determined under fair value based method for the above grants	13.47	20.71
Net Loss - (proforma)	(2,863.16)	(2,987.93)
Basic loss per share (as reported) -	(1.65)	(1.77)
Basic loss per share (proforma) -	(1.67)	(1.79)
Diluted loss per share (as reported) -	(1.65)	(1.77)
Diluted loss per share (proforma) -	(1.67)	(1.79)

Note - 28

The Company adopted the amendments to Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" that were notified during the year ended March 31, 2012. Pursuant to this amendment, exchange fluctuations arising on restatement of all long term monetary foreign currency assets and liabilities at rates different from those at which they were initially recorded or reported in the previous financial statements (whichever is later), are accumulated in a Foreign Currency Monetary Item Translation Difference account and are amortised over the balance period of such long term asset/liability. Consequently, exchange fluctuation losses (net) arising on restatement of such items have been deferred to the extent of ₹ 5,111.21 Lakhs (Previous Year ₹ 5,801.74 Lakhs) at March 31, 2015.

Note - 29 EMPLOYEE BENEFIT PLANS

a) **Defined Contribution Plans**

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 ₹ 219.18 Lakhs (Year ended 31 March, 2014 ₹ 203.99 Lakhs) for Provident Fund contributions (excluding administration charges) and ₹ 0.55 Lakhs (Year ended 31 March 2014 ₹ 1.89 Lakhs) for Employee state insurance scheme contribution in the Statement of Profit and Loss.

b) **Defined Benefit Plans**

The Company offers Gratuity benefits to employees, a defined benefit plan. The following table sets out the funded status of Gratuity liability and the amounts recognised in the financial statements:

Amount in ₹ Lakhs except assumption

	Particulars	Gratuity	
		March 31, 2015	March 31, 2014
I	**Components of employer expense**		
1	Current Service cost	50.95	54.24
2	Interest cost	23.53	20.91
3	Expected return on plan assets	(3.62)	(1.45)
4	Curtailment cost / (credit)	–	–
5	Settlement cost / (credit)	–	–
6	Past Service Cost	–	–
7	Actuarial Losses / (Gains)	85.42	(14.92)
8	Total expense recognized in the Statement of Profit and Loss	156.28	58.78
II	**Actual Contribution and Benefit Payments for the year**		
1	Actual benefit payments	52.60	76.39
2	Actual Contributions	80.00	96.00

Notes forming part of the Financial Statements

Note - 29 EMPLOYEE BENEFIT PLANS

Amount in ₹ Lakhs except as otherwise indicated

	Particulars	Gratuity	
		March 31, 2015	March 31, 2014
III	Net asset / (liability) recognized in Balance Sheet		
1	Present value of Defined Benefit Obligation (DBO)	(386.40)	(280.70)
2	Fair value of plan assets	58.29	28.88
3	Funded status [Surplus / (Deficit)]	(328.10)	(251.82)
4	Unrecognized Past Service Costs	–	–
5	Net asset / (liability) recognized in Balance Sheet	(328.10)	(251.82)
	- Current	(7.95)	(1.13)
	- Non current	(320.15)	(250.69)
	Estimated Contribution in the Immediate next year	100.00	96.00
IV	Change in Defined Benefit Obligations during the year		
1	Present Value of DBO at beginning of year	280.70	296.35
2	Current Service cost	50.95	54.24
3	Interest cost	23.53	20.91
4	Curtailment cost / (credit)	–	–
5	Settlement cost / (credit)	–	–
6	Plan amendments	–	–
7	Acquisitions	–	–
8	Actuarial (gains) / losses	83.82	(14.41)
9	Benefits paid	(52.60)	(76.39)
10	Present Value of DBO at the end of year	386.40	280.70
V	Change in Fair Value of Assets during the year		
1	Plan assets at beginning of year	28.88	7.31
2	Acquisition Adjustment	–	–
3	Expected return on plan assets(estimated)	3.62	1.45
4	Actuarial Gain / (Loss)	(1.60)	0.51
5	Actual Company contributions	80.00	96.00
6	Benefits paid	(52.60)	(76.39)
7	Plan assets at the end of period	58.29	28.88
VI	Actuarial Assumptions		
1	Discount Rate	7.80%	9.25%
2	Expected Return on plan assets	8.50%	8.50%
3	Salary escalation	8.00%	6.00%
4	Attrition Rate	18.00%	9.00%

Amount in ₹ Lakhs

Five Year Data	Period ending				
	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Defined Benefit Obligation at end of the period	(299.41)	(286.84)	(296.40)	(280.70)	(386.40)
Plan Assets at end of the period	33.04	7.10	7. 36	28.88	58.29
Funded Status	(266.37)	(279.74)	(289.04)	(251.82)	(328.10)
Experience Gain/(Loss)adjustments on Plan Liabilities	(4.83)	54.12	11.31	(10.25)	1.09
Experience Gain/(Loss)adjustments on Plan Assets	0.38	0.31	(0.09)	0.51	(1.60)
Actuarial Gain/(Loss) due to change on assumptions	–	12.77	(42.73)	24.66	(84.91)

• The composition of the plan assets held under the funds managed by the Insurer is as follows:

Fund Type	2015 (%)	2014 (%)
G-Sec	43.31	6.92
FD and Other Asset	56.69	93.08

• 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 5 years which is the expected term of defined benefit obligation.

• 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.

Notes forming part of the Financial Statements

Note - 29 EMPLOYEE BENEFIT PLANS

• 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.

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

c) Actuarial Assumption for long-term compensated absences

Particulars	March 31, 2015	March 31, 2014
Discount rate	7.80%	9.25%
Expected return on plan asset	NA	NA
Salary escalation rate	8.00%	6.00%
Attrition	18.00%	9.00%

• 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 5 years which is the expected term of defined benefit obligation.

• 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.

• 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.

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

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Total Liabilities Estimated	(114.22)	(81.32)
Less: Current Portion	(24.44)	(5.49)
Non Current portion	(89.78)	(75.83)

Note - 30

Since the Company prepares consolidated financial statements in addition to these financial statements, both of which form part of the annual report of the Company, as permitted by Accounting Standard 17 "Segment reporting", the segment information is presented on the basis of the consolidated financial statements.

Note - 31 RELATED PARTY INFORMATION

i) Related Parties

Wholly Owned Subsidiaries

Subex Americas Inc.

Subex (UK) Ltd

Subex Technologies Ltd

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte Ltd

Subex Inc.

Subex Technologies Inc.

Key Management Personnel

Surjeet Singh, Managing Director & CEO

ii) Details of the transactions with the related parties during the year ended March 31, 2015

₹ in Lakhs

Particulars	Subsidiaries		Key Management Personnel	
	2014-15	2013-14	2014-15	2013-14
Marketing and allied Service Charges and reimbursement (including software development charges)*				
i) Subex (UK) Ltd	5,838.72	6,212.75	-	-
ii) Subex Inc.	4,641.62	5,471.83	-	-
iii) Subex Americas Inc.	390.77	342.48	-	-
iv) Subex (Asia Pacific) Pte Ltd	452.88	822.03	-	-

Notes forming part of the Financial Statements

Note - 31 RELATED PARTY INFORMATION

₹ *in Lakhs*

Particulars	Subsidiaries		Key Management Personnel	
	2014-15	2013-14	2014-15	2013-14
Income from Software Development and Services:				
i) Subex (UK) Ltd	8,207.86	8,163.93		
ii) Subex Inc.,	3,646.08	3,746.50		
iii) Subex (Asia Pacific) Pte Ltd	1,615.29	1,869.60		
iv) Subex Americas Inc.	723.52	1,109.46		
Salary and Perquisites				
Surjeet Singh	–	–	15.26	15.07
Interest received on Inter Company Loans				
i) Subex Americas Inc.	170.09	171.62		
Expenses allocated to / (from):				
i) Subex (UK) Ltd	6.41	8.87		
ii) Subex, Inc.	1.70	3.40		
iii) Subex (Asia Pacific) Pte Ltd	0.38	0.48		
iv) Subex Americas Inc.	0.01	0.06		
Reimbursement made to				
i) Subex (Asia Pacific) Pte Ltd	15.23	–		
ii) Subex (UK) Ltd	2.73	–		
iii) Subex Inc.	10.90	–		
iv) Subex Technologies Ltd	6.07	6.76		
Reimbursement received from:				
i) Subex (Asia Pacific) Pte Ltd	(2.50)	–		
ii) Subex (UK) Ltd	(73.63)	–		
iii) Subex Inc.	(18.56)	–		
Provisions/ Write off/(Write back) made during the year:				
i) Subex Technologies Inc	(55.36)	–		
ii) Subex Americas Inc	928.67	1,497.05		
iii) Subex Technologies Ltd	6.76	11.01		
Guarantees/Collateral:				
i) Subex UK Ltd	6,495.00	–		
ii) Subex Technologies Ltd	6,495.00	6,850.00		
Repayment of Loans & Advances:				
i) Subex Technologies Ltd	–	0.35		

₹ *in Lakhs*

As at	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Amount due as at year end from				
i) Subex UK Ltd	17,724.14	22,162.91		
ii) Subex Inc.	16,828.58	17,068.67		
iii) Subex (Asia Pacific) Pte Ltd	5,624.96	7,496.54		
iv) Subex Americas Inc. ##	19,818.02	21,429.94		
v) Subex Technologies Ltd	–	6.76		

Notes forming part of the Financial Statements

Note - 31 RELATED PARTY INFORMATION

₹ in Lakhs

As at	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Amount due as at year end (to)				
i) Subex UK Ltd	19,517.22	23,643.91	–	–
ii) Subex Inc.	16,915.56	18,394.05	–	–
iii) Subex (Asia Pacific) Pte Ltd	680.96	2,279.27	–	–
iv) Subex Americas Inc.	6,133.76	5,501.89	–	–
v) Subex Technologies Inc	–	53.92	–	–
vi) Subex Technologies Ltd	0.83	–	–	–
Loans / advances outstanding as at year end from / (to)				
i) Subex Americas Inc.	1,844.20	1,838.22	–	–
ii) Subex Technologies Ltd#	1,711.37	1,705.67	–	–
Outstanding Guarantees taken from:				
i) Subex Technologies Limited	6,495.00	6,850.00	–	–
ii) Subex UK Limited	6,495.00	–	–	–

* Amount paid / payable in Foreign Currency

Loans and Advances to Subex Technologies Ltd has been provided during the financial year 2010-11 to an extent of ₹ 1,694.66 Lakhs out of utilisation of BRR and the remaining ₹ 11.01 Lakhs has been provided for as provision for doubtful loans & advances during the financial year 2013-14.

Receivables of ₹ 928.67 Lakhs from Subex Americas Inc are provided during the year (Previous year: ₹ 1,497.04 Lakhs). Provision as at March 31, 2015 ₹ 2,425.72 Lakhs (March 31, 2014: ₹ 1,497.04 Lakhs).

Note - 32 OPERATING LEASES

The Company has entered into lease agreement for certain properties and servers/computers which are cancellable at the option of the Company. The total rent charged to the Statement of Profit and Loss for the year towards such leases amount to ₹ 1085.74 Lakhs (Previous year - ₹ 1,081.32 Lakhs)

Note - 33 EARNINGS PER SHARE (EPS)

Amount in ₹ Lakhs except as otherwise indicated

Particulars	2014-15	2013-14
Loss after Tax attributable to shareholders (A)	(2,840.01)	(2,952.88)
Add : Interest on FCCBs	–	–
Add/(Less) : Exchange Fluctuation on FCCB	–	–
Adjusted Loss after Tax for Diluted EPS (B)	**(2,840.01)**	**(2,952.88)**
Weighted Average Number of Shares (in Lakhs) for Basic EPS (C)	1,716.69	1,666.40
Effect of Existence of Dilutive Instruments (FCCBs and ESOPs) – (in Lakhs)	–	–
Weighted Average Number of Shares (in Lakhs) for Diluted EPS (D)	1,716.69	1,666.40
Loss per Share – Basic [(A)/(C)] - ₹	(1.65)	(1.77)
Loss per Share - Diluted [(B)/(D)] - ₹ (Refer Note below).	(1.65)	(1.77)

Face value of shares: ₹ 10/- each

Note: FCCBs outstanding as at March 31, 2015 and March 31, 2014 are anti-dilutive and hence have not been considered for purposes of Dilutive EPS in the respective years.

Note - 34 DEFERRED TAX

The Company has a net deferred tax asset as at March 31, 2015 significantly arising from brought forward unabsorbed depreciation and tax losses, which has not been recognized as a matter of prudence in the absence of virtual certainty.

Notes forming part of the Financial Statements

Note - 35 COMMITMENTS AND CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debt:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
(i) Income Tax Demands significantly pertaining to corporate tax and transfer pricing adjustments which are being contested by the company	5,930.13	1,379.37
These cases are pending at various forum with the respective authorities. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authority and the companies right for future appeals before Judiciary. No reimbursements are expected		
(ii) Others	1,293.44	956.84

(iii) The Company has received a demand of service tax of ₹ 3,607.60 Lakhs and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest, for the period from April, 2006 to July, 2009 towards service tax payable on import of certain services. The Company filed an appeal contesting the demand before the Central Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore and CESTAT without expressing any opinion, has remanded the appeal back to the adjudication authority and dispensed with the requirement of pre-deposit.

Note - 36 OTHER INFORMATION PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013.

₹ in Lakhs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
CIF Value of Imports :		
Import of systems and solutions	1,478.70	205.49
Capital goods	378.87	117.68
Expenditure in foreign currency (on accrual basis)		
Travelling expenses & Other related expenses	702.94	728.65
Interest expense	3,352.21	3,422.30
Product marketing expense and other expenditure incurred overseas for software development.	50.37	4.62
Marketing and allied service charges	11,323.99	12,849.09
Earnings in foreign exchange (on accrual basis)		
Income from software development services and products	26,710.06	27,867.41

Note - 37 PAYMENTS TO AUDITORS (NET OF SERVICE TAX CREDIT'S RECOGNISED)

₹ *in Lakhs*

Particulars	March 31, 2015	March 31, 2014
For Audit services (Quarterly review / Statutory Audit / Consolidation Audit)	88.00	89.69
For Taxation matters (Tax Audit)	1.50	1.50
For Certification matters	1.50	1.20
For Reimbursement of expenses	6.10	5.38
Total	**97.10**	**97.77**

Note - 38 OTHERS

1 During the year, the Company has transferred ₹ 1.31 Lakhs (Previous Year - ₹ 1.60 Lakhs) to Investor Education and Protection Fund. Unclaimed dividend of ₹ Nil as at March 31, 2015 (Previous Year - ₹1.31 Lakhs) represent dividends not claimed for the financial year NIL (Previous Year : for 2006-2007).

2 The Company has during the year revised certain estimatess on useful life of the assets based on the assesment carried out on account

Notes forming part of the Financial Statements

Note - 38 OTHERS

of the application of Schedule II of the Companies Act, 2013. This has resulted in the depreciation charge and the loss for the year to be higher by ₹ 51.32 Lakhs. The Company has in accordance with the transitional provisions available, adjusted ₹ 9.46 Lakhs to retained earnings representing the value of assets whose life was Nil as of April 01, 2014.

3 Research and Development cost for the year includes expenditure of ₹ 1,414.96 Lakhs (Previous year - ₹ 1,366.10 Lakhs). This is as certified by the management and relied upon by the auditors.

4 The Company does not have any outstanding foreign exchange forward contracts or other derivative instruments for the purposes of hedging the risks associated with foreign exchange exposures as at the year end.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(a) The amount receivable in foreign currency on account of:

Amount in Lakhs

Particulars	March 31, 2015		March 31, 2014	
	Amount(₹)	Foreign currency	Amount(₹)	Foreign currency
Receivable towards Export of Goods & Services(Including receivables from wholly owned subsidiaries)	1,250.11	AED 74.31	46,365.57	USD 773.86
	82.71	CHF 1.25	22,163.19	GBP 222.15
	604.46	EUR 8.21	7,496.54	SGD 157.55
	172.48	QAR 10.17	795.53	EUR 9.62
	45,944.30	USD 748.16	231.34	AED 14.18
	17,721.41	GBP 191.64	114.02	QAR 6.93
	6,103.09	SGD 134.21	84.78	CHF 1.25
	16.46	THB 8.67	241.87	AUD 4.37
Loans/ Advances to wholly owned subsidiaries	474.26	CAD 9.67	524.95	CAD 9.67
	1,369.94	USD 21.92	1,313.27	USD 21.91
Bank Balance	74.26	USD 1.19	11.19	USD 0.19

(b) The amounts payable in foreign currency on account of:

Amount in Lakhs

Particulars	March 31, 2015		March 31, 2014	
	Amount(₹)	Foreign currency	Amount(₹)	Foreign currency
Payable towards Import of Goods & Services(Including payables to wholly owned subsidiaries)	20,015.03	GBP 216.45	29,291.85	USD 488.89
	692.64	SGD 15.23	23,644.20	GBP 237.00
	22,372.09	USD 357.95	5.72	EUR 0.07
			2,279.28	SGD 47.90
			5.09	CAD 0.09
Towards interest on Foreign Currency loans	8,507.14	USD 135.70	5,271.80	USD 87.99
Towards Foreign Currency Convertible Bonds (FCCB's)	52,456.25	USD 839.30	54,253.03	USD 905.50
Redemption premium accrued on FCCB's	596.25	USD 9.54	571.59	USD 9.54
Loan (being other amounts payable in foreign currency)	1,167.87	SGD 25.68	4,695.61	USD 17.95
	3486.03	USD 55.78	–	GBP 26.57
	3,590.17	GBP 38.83	–	EUR 0.50
	39.02	EUR 0.58	–	SGD 19.50

Notes forming part of the Financial Statements

Note - 38 OTHERS

5 The dues to Micro and Small enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006, The details of same are as follows :

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ *in Lakhs*

Particulars	As at March 31, 2015	As at March 31, 2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.06	4.56
(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	0.53	–
(iv) The amount of interest due and payable for the year	0.06	0.22
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.06	0.53
(vi) The amount of further interest due and payable even in the succeeding year, 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. This has been relied upon by the auditors.

6 The Company purchases hardware and software to fulfill its obligations under contracts for sale of its Products. There were no inventory of such hardware/software at the beginning and end of the year.

The breakup of balances included in line 4(a) in the Statement of Profit and Loss is as under –

₹ *in Lakhs*

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Software charges	–	–
Purchased hardware/ Software	1,530.47	389.74
Total	**1,530.47**	**389.74**

7 The Company has 'International transactions' with 'Associated Enterprises which are subject to Transfer Pricing regulations in India. 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 financial statements, particularly on account of tax expense and that of provision for taxation.

8 In view of the losses incurred by the Company during the year ended March 31, 2013, the excess of the managerial remuneration paid to the directors during the FY 2012-13 over the limits prescribed under Schedule XIII of the Companies Act, 1956 has been treated as monies due from the directors, being held by them in trust for the Company, and is included under 'Short-term loans and advances' amounting to ₹ 123.80 Lakhs (Previous year ₹123.80 Lakhs).

Other advances to directors paid during FY 2012-13 is ₹ 110 Lakhs (Previous Year ₹ 110 Lakhs)

The Company has taken necessary steps for recovery of the above amounts and these items along with other claims are a subject matter of arbitration which is in progress.

9 In the opinion of the management, considering the future operational plans and cash flows of its subsidiary, viz. Subex Americas Inc., the net outstanding being trade receivables of ₹ 13,046.76 Lakhs (Previous Year : ₹ 14,521.33 lakhs) and of ₹ 4,345.54 Lakhs (Previous Year : ₹ 5,411.57 Lakhs) under Note 14 "Other Non-current Assets" and Note 15 "Trade Receivables", respectively, and loans and advances of ₹ 1,844.20 Lakhs (Previous Year ₹ 1,838.22 Lakhs) under Note 13 "Long-term Loans and Advances", are considered good and recoverable.

Further, based on the management's assessment, there is no diminution, other than temporary, in the carrying value of its investment in the said subsidiary of ₹ 12,495.74 Lakhs included in Note 12 "Non-Current Investments" and accordingly, no provision is required to be made at this stage.

Notes forming part of the Financial Statements

Note - 38 OTHERS

10 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries:

₹ *in Lakhs*

Name of the party	Relationship	Amount outstanding As at March 31, 2015	Maximum balance outstanding during the year
Subex Americas Inc.	Wholly Owned Subsidiaries	1,844.20	1,844.20
		(1,838.22)	(1,959.59)
Subex Technologies Ltd.	Wholly Owned Subsidiaries	1,711.37	1,711.37
		(1,705.67)	(1,705.70)

Note : Figures in brackets relate to previous year.

The advance to Subex Technologies Limited are provided for to the extent of ₹ 1,705.67 Lakhs

Note - 39

Schedule III of the Companies Act, 2013 has become effective from April 1, 2014 for the preparation of financial statements. Previous year's figures have been regrouped / reclassified to be comparable with current year's classification / disclosures.

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

Sanjeev Aga
Director
DIN:00022065

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

Mumbai
Date: 14th May, 2015

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of companies/joint ventures

Part "A" : subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in lakhs)

Sr No.	1	2	3	4	5	6
Name of the subsidiary	Subex (Asia Pacific) Pte Ltd	Subex (UK) Limited	Subex Americas Inc.	Subex Incorporated	Subex Technologies Ltd	Subex Technologies Inc
Reporting period of the subsidiary concerned	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015
Reporting currency	SGD	GBP	USD	USD	INR	USD
Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	45.48	92.47	62.50	62.50	1.00	62.50
Share capital	(0.00)	(40.60)	(38,274.10)	(0.00)	(400.00)	(2,090.54)
Reserves & surplus	2,062.11	(13,061.99)	50,621.18	1,756.86	527.16	3,098.62
Total assets*	10,570.12	37,917.77	40,531.15	21,643.56	1,042.84	2.79
Total Liabilities*	(13,764.28)	(23,661.99)	(61,232.10)	(24,598.23)	(763.84)	–
Investments	–	–	1	–	400	–
Turnover*	(2,441.31)	(17,342.17)	(3,894.88)	(10,736.40)	–	–
Profit before taxation	(97.55)	(2,039.02)	(1,524.39)	(15.68)	376.25	(110.94)
Profit after taxation	(22.70)	(1,856.12)	(1,499.32)	119.06	381.88	(110.94)
Proposed dividend	–	–	–	–	–	–
% of shareholding	100%	100%	100%	100%	100%	100%

*Turnover includes inter company transactions

Notes:

i) Subex Technologies Inc is liquidated during the year and procedures relating to such liquidation are in progress

ii) The Company is in the process of establishing a subsidiary in Sharjah, UAE by the name of Subex Middle east (FZE). Operations of this Company will commence during the year 2015-16.

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

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Director
DIN:00022065

Ganesh K.V
Chief Financial Officer, Globalhead-Legal and Company Secretary

Mumbai
Date: 14th May, 2015

Independent Auditors' Report

TO THE MEMBERS OF SUBEX LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act")that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the 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. 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 31st March, 2015, and their consolidated profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 38 to the consolidated financial statements, regarding the management's assessment that, considering future operational plans and cash flows, the goodwill arising from the consolidation of one of its subsidiaries is not impaired and hence no provision has been made at this stage for the reasons stated therein.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, based on the comments in the auditors'

reports of the Holding company and the subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) 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 financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in Note 34 of its consolidated financial statements;

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Monisha Parikh
Partner
Membership No. 47840

Mumbai, May 14, 2015

Annexure to the Independent Auditors' Report

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes one subsidiary company incorporated in India, to which the Order is applicable, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements

Having regard to the nature of the Holding Company's and the subsidiary company's business/activities, clauses (v), (vi) and (xi) of paragraph 3 of the Order are not applicable to the Company.

i. The subsidiary company incorporated in India, did not have any fixed assets. In respect of the fixed assets of the Holding Company:

   (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Holding Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management of the Holding Company during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

ii. The subsidiary company incorporated in India, did not have any inventory during the year. In respect of the inventories of the Holding Company:

   (a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Holding Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of their inventories and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Holding Company, and subsidiary company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.

iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system in the Holding Company and subsidiary company incorporated in India, to the extent applicable, commensurate with the size of the respective entities and the nature of their business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, no major weakness in such internal control system has been observed

v. According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company incorporated in India:

(a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities, other than depositing income tax dues by the subsidiary company incorporated in India.

(b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable, other than income tax dues of ₹ 6,041,940/- pertaining to Assessment Year 2007-08 in the subsidiary company incorporated in India.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
Income Tax Act, 1961	Income tax	Hon'ble High Court of Karnataka	2001-02	0.04
			2003-04	28.87
		Income Tax Appellate Tribunal (certain matters with Commissioner Income Tax – Appeals)	2005-06	108.91
			2007-08	3,005.74
			2008-09	343.57
			2009-10	910.73
		Commissioner Income Tax – Appeals	2006-07	309.47
			2007-08	3,078.64

d. The Holding Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

There are no amounts that are due to be transferred by the subsidiary entity to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

vi. The Group does not have accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit but has incurred cash loss on a consolidated basis in the immediately preceding financial year.

vii. In our opinion and according to the information and explanations given to us, the Holding Company and subsidiary company incorporated in India have not defaulted in the repayment of dues to banks. The Holding Company and subsidiary company incorporated in India do not have any dues to financial institutions and have not issued any debentures.

viii. According to the information and explanations given to us, the Holding Company and the subsidiary company incorporated in India have not given guarantees for loans taken by others outside of the Group, from banks and financial institutions.

ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and its subsidiary company, incorporated in India and no material fraud on the Holding Company and its subsidiary company incorporated in India has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Monisha Parikh
Partner
Membership No. 47840

Mumbai, May 14, 2015

Consolidated Balance Sheet

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
A EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	3	18,292.26	16,664.00
(b) Reserves and Surplus	4	2,611.76	697.90
SUB TOTAL - SHAREHOLDERS' FUNDS		20,904.02	17,361.90
2. NON - CURRENT LIABILITIES			
(a) Long-term Borrowings	5	57,768.75	60,244.53
(b) Other Long-term Liabilities	6	9,319.76	5,546.12
(c) Long-term Provisions	7	511.64	428.22
SUB TOTAL - NON CURRENT LIABILITIES		67,600.15	66,218.87
3. CURRENT LIABILITIES			
(a) Short-term Borrowings	8	14,694.04	16,015.60
(b) Trade Payables - Other than acceptances		5,930.30	5,253.34
(c) Other Current Liabilities	9	3,897.73	4,060.67
(d) Short-term Provisions	10	353.54	349.21
SUB TOTAL - CURRENT LIABILITIES		24,875.61	25,678.82
TOTAL		1,13,379.78	1,09,259.59
B ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	11	708.93	532.40
(ii) Intangible Assets		108.92	65.43
		817.85	597.83
(b) Goodwill on Consolidation		85,642.22	85,642.22
(c) Deferred Tax Assets (net)	33	–	–
(d) Long-term Loans and Advances	12	2,567.48	2,238.50
(e) Other Non - Current Assets	13	–	1,424.60
SUB TOTAL - NON-CURRENT ASSETS		89,027.55	89,903.15
2. CURRENT ASSETS			
(a) Trade Receivables	14	12,301.85	10,057.60
(b) Cash and Cash Equivalents	15	5,670.00	4,793.37
(c) Short-term Loans and Advances	16	1,102.57	948.59
(d) Other Current Assets	17	5,277.81	3,556.88
SUB TOTAL - CURRENT ASSETS		24,352.23	19,356.44
TOTAL		1,13,379.78	1,09,259.59
Corporate Information and Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Monisha Parikh
Partner

Mumbai
Date: 14th May, 2015

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

Sanjeev Aga
Director
DIN:00022065

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

Mumbai
Date: 14th May, 2015

Consolidated Statement of Profit and Loss

₹ in Lakhs

		Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
A	CONTINUING OPERATIONS			
1	Revenue from Operations	18	35,983.31	34,005.16
	Total revenue		**35,983.31**	**34,005.16**
2	**Expenses**			
	(a) Cost of Hardware, Software and Support Charges		2,092.53	955.32
	(b) Employee Benefits Expense and Sub-contract Charges	20	16,289.17	17,778.58
	(c) Other Expenses	22	9,112.19	8,499.42
	Total Expenses		**27,493.89**	**27,233.32**
3	**Earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)**		**8,489.42**	**6,771.84**
4	Finance Costs	21	6,103.99	6,709.52
5	Depreciation and Amortisation Expense	11	402.04	244.18
6	Other Income	19	90.20	444.12
7	**Profit before exceptional items and tax (3 - 4 - 5 + 6)**		**2,073.59**	**262.26**
8	Exceptional Items	23	–	–
9	**Profit before tax (7 - 8)**		**2,073.59**	**262.26**
10	**Tax expense**			
	(a) Current Tax Expense for current year		572.34	613.10
	(b) MAT credit of prior years reversed		–	174.13
	(c) Short/Excess provision for tax relating to prior years		–	5.33
	(d) Deferred Tax	33	–	143.82
	Net Tax expense		**572.34**	**936.38**
11	**Profit/(Loss) from continuing operations for the year (9-10)**		**1,501.25**	**(674.12)**
B	DISCONTINUING OPERATIONS			
12	(i) Profit/ (Loss) from discontinuing operations (before tax)	35	(474.18)	(478.71)
12	(ii) Add/ (Less): Tax expense of discontinuing operations on ordinary activities attributable to the discontinuing operations	35	(5.62)	(8.44)
13	**Profit / (Loss) from discontinuing operations (12.i + 12.ii)**		**(479.80)**	**(487.15)**
C	TOTAL OPERATIONS			
14	**Profit / (Loss) for the year (11+ 13)**		**1,021.45**	**(1,161.27)**
15	Earnings/(Loss) Per Share (Face value of ₹ 10/- each)			
	(a) Basic	32		
	(i) Continuing operations		0.87	(0.40)
	(ii) Total operations		0.59	(0.70)
	(b) Diluted	32		
	(i) Continuing operations		0.87	(0.40)
	(ii) Total operations		0.59	(0.70)
	Corporate Information and Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Monisha Parikh
Partner

Mumbai
Date: 14th May, 2015

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

Sanjeev Aga
Director
DIN:00022065

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

Mumbai
Date: 14th May, 2015

Consolidated Cash Flow Statement

₹ *in Lakhs*

		For the year ended March 31, 2015	For the year ended March 31, 2014
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (Loss) before tax, for the year	1,599.41	(216.45)
	Adjustments for :		
	(a) Depreciation and amortization expense	402.04	248.34
	(b) Interest Income	(4.58)	(9.45)
	(c) Finance costs	6,104.63	6,747.75
	(d) (Profit) / Loss on sale / write off of assets- net	(1.62)	7.10
	(e) Expense / (Gain) on employee stock option scheme	(18.18)	(27.16)
	(f) Provision for doubtful Trade and other receivables	577.47	(240.03)
	(g) Unrealised exchange Loss	268.30	737.27
	Operating profit before working capital changes	**8,927.47**	**7,247.37**
	Adjustments for (increase) / decrease in operating assets		
	(a) Trade receivables	(1,340.92)	970.07
	(b) Short-term loans and advances	(99.11)	177.69
	(c) Long-term loans and advances	(59.19)	(21.95)
	(d) Other current & non-current assets	(164.27)	2,194.85
	Adjustments for increase / (decrease) in operating liabilities		
	(a) Trade payables	380.18	(1,985.11)
	(b) Other current liabilities	(367.52)	(2,094.94)
	(c) Other Long Term Liabilities	(117.80)	102.24
	(d) Short-term provisions	10.71	(45.73)
	(e) Long-term provisions	83.41	(8.99)
	Cash generated from operations	**7,252.96**	**6,535.50**
	Net tax paid	(676.87)	(454.89)
	Net cash flow from operating activities (A)	**6,576.09**	**6,080.61**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	(a) Capital expenditure on fixed assets, including capital advances	(632.54)	(369.14)
	(b) Proceeds from sale of fixed assets	8.95	–
	(c) Interest received - Others	11.13	30.58
	(d) Investment in deposit	(252.33)	250.91
	Net cash flow used in investing activities (B)	**(864.79)**	**(87.65)**

Consolidated Cash Flow Statement

₹ in Lakhs

		For the year ended March 31, 2015	For the year ended March 31, 2014
C	CASH FLOW FROM FINANCING ACTIVITIES		
	(a) Net decrease in working capital borrowings	(2,437.06)	(1,733.16)
	(b) Repayment of Short-term borrowings	-	(927.04)
	(c) Repayments of Long-term borrowings	-	(0.92)
	(d) Dividends paid	(1.31)	(1.61)
	(e) Finance cost	(2,434.36)	(3,336.53)
	Net cash flow from / (used in) financing activities (C)	**(4,872.73)**	**(5,999.26)**
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	838.57	(6.30)
	Effect of Exchange Differences on restatement / translation of foreign currency cash and cash equivalents	(227.13)	(148.89)
	Cash and Cash equivalents at the beginning of the year	4,306.64	4,451.83
	Cash and Cash equivalents at the end of the year (Refer Note 15)	**4,918.08**	**4,306.64**
	*Cash and cash equivalents		
	Cash on hand	0.77	0.94
	Balance with Banks:		
	in Current Accounts	4,843.65	4,295.28
	in EEFC accounts	73.66	10.42
	Total	**4,918.08**	**4,306.64**
Corporate Information and Significant Accounting Policies	1 & 2		

(i) The consolidated cash flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

(ii) See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Monisha Parikh

Partner

Mumbai

Date: 14th May, 2015

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780

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Sanjeev Aga
Director
DIN:00022065

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

Mumbai

Date: 14th May, 2015

Notes forming part of the Consolidated Financial Statements

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION

Subex Limited, 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 Center (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 a development center in India and sales offices in the form of wholly owned subsidiaries/ branches in UK, USA, Singapore, Australia, Dubai and Canada.

2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

I Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, except to the extent permitted under the Proposal approved by the Hon'ble High Court of Karnataka (Refer Note 24). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

II Principles of Consolidation

The consolidated financial statements relate to Subex Limited (the 'Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2015.

(ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iii) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on 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 Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.

(iv) Goodwill arising on consolidation is not amortised but tested for impairment.

(v) Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the entity (Wholly owned Subsidiaries)	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
			March 31, 2015	March 31, 2014
Subex Technologies Limited	India	Subex Limited	100	100
Subex Technologies Inc.	United States of America	Subex Technologies Limited	Refer note below	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. Ltd,	Singapore	Subex (UK) Limited	100	100
Subex Americas Inc.	Canada	Subex Limited	100	100
Subex Azure Holdings Inc.	United States of America	Subex Americas Inc.	100	100

Note : Subex Technologies Inc. is liquidated during the year and procedures relating to such liquidation are in progress.

Notes forming part of the Consolidated Financial Statements

(vi) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

III Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

IV Revenue recognition

Revenue from Contracts for software product license includes fees for transfer of licenses, installation and commissioning. This revenue is recognised on the basis of milestones achieved, determined based on percentage of completion of work completed at each milestone as compared to the work involved in the overall scope of the contract. In the event of any expected losses on a contract, the entire amount is provided for in the accounting period in which such losses are first anticipated.

Revenue from sale of software licenses (including additional licenses) are recognized on transfer of such licenses.

In case of composite contracts involving granting of license and support services, license revenues are recognized on transfer of the license if identified separately and in other cases, they are recognized over the period of the contract along with revenue from support services.

Revenue from Software development is recognized on the basis of chargeable time or achievement of prescribed milestones as relevant to each contract.

Sale of hardware under reseller arrangements are recognized on dispatch of goods to customers and are recorded net of discounts, rebates for price adjustment, projections, shortage in transit, taxes and duties.

Maintenance and service income is recognised on time proportion basis.

V Tangible Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other direct expenditure incurred. Assets acquired on hire purchase are capitalised at gross value and interest thereon is charged to revenue.

Exchange differences arising on restatement / settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

VI Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

VII Depreciation & Amortisation

Depreciation amount for asset is the cost of an asset, all other amounts substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets for the Company and its subsidiaries has been provided on the straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013. (Also refer Note 37(ii))

Individual assets costing less than ₹ 5,000 are depreciated in full, in the year of purchase.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

VIII Employee Share Based Payments

The Group has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Company has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the quoted market price on the day prior to the grant of the options under ESOS exceeds the exercise price of the option. In accordance with the SEBI guidelines, the intrinsic value is amortised on a straight line basis over the vesting period.

IX Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, retention and performance linked payouts.

Defined contribution plans: The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans: For defined benefit plans in the form of gratuity fund, 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 Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits: The undiscounted amount of 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. These benefits include retention and performance linked payouts and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits: Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

X Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

XI Leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value 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 obtain a constant periodic rate of interest on the outstanding liability for each year.

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 Consolidated Statement of Profit and Loss on a straight line basis over the lease term.

XII Research and development

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

XIII Foreign currency transactions and translations

Initial recognition

(i) Transactions in foreign currencies (other than the entity's functional currency) entered into by the Company 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.

(ii) Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations 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.

(iii) Net investment in non-integral foreign operations: Net investment in non-integral foreign operations is 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.

(iv) Non-integral foreign operations: Transactions of non-integral foreign operations are translated 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.

Measurement at the Balance Sheet date

(i) Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

(ii) Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

(iii) Net investment in non-integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

(iv) Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

(v) Goodwill on consolidation entirely attributable to foreign operations is restated at the exchange rate prevailing on the Balance Sheet date.

Treatment of exchange differences

(i) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

(ii) Integral foreign operations: Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Consolidated Statement of Profit and Loss.

(iii) Net investment in non-integral foreign operations: The exchange differences on restatement of long-term receivables / payables from / to non-integral foreign operations that are considered as net investment in such operations is accounted as per policy for long-term foreign currency monetary items stated in para (v) below until disposal / recovery of such net investment, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal / recovery is recognised.

(iv) Non-integral foreign operations: The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

(v) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Consolidated Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal / recovery of the net investment. The unamortised exchange difference is carried under Reserves and surplus as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

The Company has adopted the amendments to Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" that were notified during the year ended March 31, 2012. Pursuant to this amendment, exchange fluctuations arising on restatement of all long term monetary foreign currency assets and liabilities at rates different from those at which they were initially recorded or reported in the previous financial statements (whichever is later), are accumulated in a Foreign Currency Monetary Item Translation Difference account and are amortised over the balance period of such long term asset / liability (Refer Note 27).

Change in classification of foreign operation

When a foreign operation that is integral to the operations of the Company is reclassified as a non-integral operation, exchange differences arising on the translation of non-monetary items at the date of such reclassification are accumulated in the "Foreign currency translation reserve" account.

When a non-integral foreign operation is reclassified as an integral foreign operation, the translated amounts for non-monetary items at the date of the change are treated as the historical cost for those items in the period of change and subsequent periods. Exchange differences that have been deferred are not recognised as income or expense until the disposal of the operation.

Subsequent to the date of change in classification of the foreign operation, transactions and balances in such operations are accounted as per the accounting policy applicable to the new classification.

Accounting for Forward contracts:

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Accounting for Derivatives:

Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for forward contracts.

All other derivative contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

XIV Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

XV Taxes on income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, 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 entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

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 items other than unabsorbed depreciation and carry forward losses 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, 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 tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

XVI Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

XVII Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extra ordinary items and tax, is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes forming part of the Consolidated Financial Statements

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

XVIII Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of past events 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

XIX Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

XX Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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 from continuing ordinary operations. 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. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

XXI Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation 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 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 segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

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

XXII Operating Cycle

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

Notes forming part of the Consolidated Financial Statements

Note - 3 SHARE CAPITAL

₹ *in Lakhs*

	As at March 31, 2015	As at March 31, 2014
AUTHORISED		
49,50,40,000 Equity Shares of ₹ 10/- each (Previous Year: 49,50,40,000 Equity Shares of ₹10/- each)	49,504.00	49,504.00
2,00,000 Preference Shares of ₹ 98/- each	196.00	196.00
Total	49,700.00	49,700.00
ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES		
18,29,22,575 Equity Shares of ₹ 10/- each (Previous Year : 16,66,39,962 Equity Shares of ₹ 10/- each)	18,292.26	16,664.00
Total	18,292.26	16,664.00

NOTES

A Reconciliation of the number of Equity shares at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	ESOP	Conversion of FCCB	Closing Balance
Equity Shares (No. of shares)					
Year ended 31 March, 2015	16,66,39,962	-	-	1,62,82,613	18,29,22,575
Year ended 31 March, 2014	16,66,39,962	-	-	-	16,66,39,962

Reconciliation of the amount outstanding at the beginning and at the end of the reporting period

₹ *in Lakhs*

Particulars	Opening Balance	Fresh issue	ESOP	Conversion of FCCB	Closing Balance
Equity Share					
Year ended 31 March, 2015	16,664.00	-	-	1,628.26	18,292.26
Year ended 31 March, 2014	16,664.00	-	-	-	16,664.00

B The Company has only one class of Equity Share, having a par value of ₹ 10/-. The holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

C Details of shares held by each shareholder (together with Persons Acting in Concert[PAC]) holding more than 5% shares.*

Class of shares / Name of shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Equity shares				
QVT Mauritius West Fund & Quintessence Mauritius West Fund	1,33,47,888	7.36%	1,33,47,888	8.01%
Suffolk (Mauritius) Limited & Mansfield(Mauritius)	1,73,72,221	9.58%	1,73,72,221	10.43%
Deutche Bank AG London -CB Account	1,08,92,721	6.01%	1,08,92,721	6.54%
Nomura Singapore Limited	1,02,34,433	5.64%	1,02,34,433	6.14%
Merill Lynch Capital Markets Espana SA SV	1,01,92,621	5.62%	1,01,92,621	6.12%

*As confirmed by the registrar

D As at 31 March,2015 20,42,55,610 shares (As at 31 March, 2014, 21,91,55,913 shares) were reserved for issuance as follows:

i) 1,925 shares (As at 31 March, 2014, 2975 shares) of ₹ 10 each towards outstanding employee stock options scheme under 'ESOP 2000' granted / available for grant.

ii) 741,072 shares (As at 31 March, 2014, 8,63,950 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2005' granted / available for grant.

iii) 475,010 shares (As at 31 March, 2014, 5,67,518 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2008' granted / available for grant.

Notes forming part of the Consolidated Financial Statements

Note - 3 SHARE CAPITAL *(contd...)*

iv) 67,174 shares (As at 31 March, 2014, 67,174 shares) of ₹10 each towards conversion of foreign currency convertible bonds(FCCB I) available for conversion. Refer note 25

v) 8,39,721 shares (As at 31 March, 2014, 8,39,721 shares) of ₹10 each towards conversion of foreign currency convertible bonds (FCCB II) available for conversion. Refer Note 25

vi) 20,21,30,708 shares (As at 31 March, 2014 21,68,14,575 shares) of ₹10 each towards Conversion of Foreign currency convertible bond (FCCB III) available for conversion. Refer note 25

E Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at March 31, 2015	As at March 31, 2014
In accordance with the terms of FCCBs III, out of the principal face value of US$ 127.72 Million, an amount of US$ 36.321 Million were mandatorily converted into equity shares on July 7, 2012. (Refer note 25)	8,93,35,462	8,93,35,462

Note - 4 RESERVES AND SURPLUS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
General Reserve		**1,779.76**	**1,779.76**
Securities Premium Account			
Opening Balance		10,561.61	10,615.20
Add : Additions during the year on conversion of FCCBs		2,082.55	–
Less: Adjustment towards accrual for redemption premium on FCCBs (net)		(24.66)	(53.59)
Closing Balance		**12,619.50**	**10,561.61**
Business Restructuring Reserve			
Opening Balance	24	–	80.63
Amounts utilised for Permitted Utilisations		–	(80.63)
Closing Balance		–	–
Share Options Outstanding Account			
Opening Balance		98.96	138.49
Add : Amounts recorded on Grants during the year		–	–
Less : Write back to the Statement of Profit and Loss / other accounts during the year		(20.42)	(39.53)
Closing Balance		78.54	98.96
Less : Deferred Stock Compensation Expenses		(0.44)	(2.67)
Share Options Outstanding Account (net)		**78.10**	**96.29**
Foreign Currency Monetary Item Translation Difference Account	27		
Opening Balance -(Debit) / Credit		(5,801.74)	(2,765.65)
Add / (Less) : Effect of foreign exchange rate variation during the year		(2,355.56)	(5,097.97)
(Add) / Less: Amortisation for the year		3,046.08	2,061.88
Closing Balance		**(5,111.22)**	**(5,801.74)**
Exchange Reserve on Consolidation			
Opening Balance		(6,610.14)	(5,831.43)
Effect of Foreign exchange rate variations during the year	40	(1,828.35)	(778.71)
Closing Balance		**(8,438.49)**	**(6,610.14)**
Surplus / (Deficit) in Statement of Profit and Loss			
Opening balance		672.12	1,833.39
Less: Transitional adjustment on depreciation	37 (ii)	(9.46)	–
Add : Profit / (Loss) for the year		1,021.45	(1,161.27)
Closing Balance		**1,684.11**	**672.12**
Total Reserves and Surplus		**2,611.76**	**697.90**

Notes forming part of the Consolidated Financial Statements

Note - 5 LONG-TERM BORROWINGS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Foreign Currency Convertible Bonds			
Secured	25	50,956.17	52,815.00
Unsecured	25	1,500.08	1,438.03
From Others (Refer note (i))			
Unsecured		5,312.50	5,991.50
Total		**57,768.75**	**60,244.53**

(i) Represents loan taken by Subex Americas Inc, which has been guaranteed by Subex (UK) Limited. The repayment terms vary from 17 to 28 months carrying interest rate of 10.5% compounded semiannually.

Note - 6 OTHER LONG-TERM LIABILITIES

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Accrual for premium payable on redemption of bonds		596.25	571.59
Interest accrued but not due on borrowings		8,721.28	4,854.31
Deferred rent		2.23	24.79
Unearned Revenue		–	95.43
Total		**9,319.76**	**5,546.12**

Note - 7 LONG-TERM PROVISIONS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits			
Provision for compensated absences	28(c)	89.78	75.83
Provision for gratuity	28(b)	320.16	250.69
Provision for Tax (Net of Advance Tax of ₹ 107.37 Lakhs As at March 31st 2014 ₹ 107.37 Lakhs)		101.70	101.70
Total		**511.64**	**428.22**

Note - 8 SHORT-TERM BORROWINGS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
From Banks / Financial Institutions (Secured)			
Loan Type I (Refer Note (i) below)		6,906.14	8,298.83
Loan Type II (Refer Note (i), (ii) and (iii) below)		5,600.40	6,518.47
From Others			
Unsecured (Refer note (iv))		2,187.50	1,198.30
Total		**14,694.04**	**16,015.60**

(i) The secured Loan Type I and II 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 alongwith 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.

(ii) The Company has also submitted a corporate guarantee of Subex Technologies Limited. In the previous year, the said loan was further covered by personal guarantee of a director of the Company apart from corporate guarantee in which a director is interested.

(iii) In addition, in case of secured Loan Type II the Company is in the process of executing a corporate guarantee from Subex UK Limited and a pledge of 100% shares of Subex UK Limited held by the Company.

(iv) Represents loan taken by Subex Americas Inc, which has been guaranteed by Subex (UK) Limited carrying interest rate of 10.5% compounded semiannually.

Notes forming part of the Consolidated Financial Statements

Note - 9 OTHER CURRENT LIABILITIES

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on borrowings		1,047.80	1,059.39
Unclaimed Dividends	37 (i)	–	1.31
Unearned Revenue		2,343.75	2,418.79
Other Payables:			
Statutory remittances		461.18	542.21
Deferred rent		45.00	38.97
Total		3,897.73	4,060.67

Note - 10 SHORT-TERM PROVISIONS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits			
Provision for compensated absences	28(c)	325.97	306.31
Provision for gratuity	28(b)	26.75	41.89
Provision for Wealth Tax (Net of advance tax ₹ 1.01 Lakhs) (As at March 31, 2014 ₹ Nil)		0.82	1.01
Total		353.54	349.21

Note - 11 FIXED ASSETS

Amount in ₹ Lakhs

Sl. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK
		As at 01-Apr-14	Adjustments*	Additions during the year	Deletions during the year	As at 31-Mar-15	Upto 01-Apr-14	Adjustments Refer Note 38.2	For the year	Withdrawn on Deletions	Upto 31-Mar-15	As at 31-Mar-15
11A	Tangible Fixed Assets											
1	Computers	5,070.48	(109.78)	468.42	1,266.47	4,162.65	4,576.76	(108.51)	332.53	1,261.82	3,538.96	623.69
	(Previous year balance)	*(4,348.59)*	*(434.19)*	*(336.80)*	*(49.10)*	*(5,070.48)*	*(4,027.70)*	*(418.40)*	*(176.60)*	*(45.94)*	*(4,576.76)*	*(493.72)*
2	Furniture & Fixtures	132.95	(2.93)	12.90	49.19	93.73	127.48	(2.93)	2.79	49.19	78.15	15.58
	(Previous year balance)	*(142.27)*	*(8.03)*	*(-)*	*(17.35)*	*(132.95)*	*(131.06)*	*(7.60)*	*(4.70)*	*(15.88)*	*(127.48)*	*(5.47)*
3	Vehicles	30.80	–	–		30.80	30.51	–	0.03		30.54	0.26
	(Previous year balance)	*(84.10)*	*(-)*	*(-)*	*(53.30)*	*(30.80)*	*(81.55)*	*(-)*	*(2.30)*	*(53.34)*	*(30.51)*	*(0.29)*
4	Office Equipments	573.38	(18.74)	57.43	301.50	310.57	540.46	(18.59)	17.71	298.41	241.17	69.40
	(Previous year balance)	*(533.64)*	*(50.14)*	*(14.10)*	*(24.50)*	*(573.38)*	*(495.56)*	*(49.50)*	*(17.59)*	*(22.19)*	*(540.46)*	*(32.92)*
5	Leasehold Improvements	207.60	(15.19)	–	143.99	48.42	207.60	(15.19)	–	143.99	48.42	(0.00)
	(Previous year balance)	*(171.10)*	*(36.50)*	*(-)*	*(-)*	*(207.60)*	*(171.10)*	*(36.50)*	*(-)*	*(-)*	*(207.60)*	*(-)*
	Total Tangible Assets	6,015.21	(146.64)	538.75	1,761.16	4,646.17	5,482.81	(145.23)	353.06	1,753.41	3,937.24	708.93
	Previous Year	*(5,279.70)*	*(528.86)*	*(350.90)*	*(144.25)*	*(6,015.21)*	*(4,906.97)*	*(512.00)*	*(201.19)*	*(137.35)*	*(5,482.81)*	*(532.40)*
11B	Intangible Fixed Assets											
1	Computer Software	938.69	1.28	92.38	53.99	978.36	873.26	1.18	48.99	53.99	869.44	108.92
	(Previous Year balance)	*(888.25)*	*(33.34)*	*(17.10)*	*(-)*	*(938.69)*	*(794.24)*	*(31.87)*	*(47.15)*	*(-)*	*(873.26)*	*(65.43)*
2	Goodwill	137.67	–	–	–	137.67	137.67	–	–	–	137.67	–
	(Previous Year balance)	*(137.67)*	*(-)*	*(-)*	*(-)*	*(137.67)*	*(137.67)*	*(-)*	*(-)*	*(-)*	*(137.67)*	*(-)*
3	Intellectual Property Rights	2,534.19	–	–	–	2,534.19	2,534.19	–	–	–	2,534.19	–
	(Previous Year balance)	*(2,534.19)*	*(-)*	*(-)*	*(-)*	*(2,534.19)*	*(2,534.19)*	*(-)*	*(-)*	*(-)*	*(2,534.19)*	*(-)*
	TOTAL INTANGIBLE ASSETS	3,610.55	1.28	92.38	53.99	3,650.22	3,545.12	1.18	48.99	53.99	3,541.30	108.92
	(Previous Year balance)	*(3,560.11)*	*(33.34)*	*(17.10)*	*(-)*	*(3,610.55)*	*(3,466.10)*	*(31.87)*	*(47.15)*	*(-)*	*(3,545.12)*	*(65.43)*
	Total	9,625.76	(145.36)	631.13	1,815.14	8,296.39	9,027.93	(144.05)	402.04	1,807.40	7,478.54	817.85
	Previous Year	*(8,839.81)*	*(562.20)*	*(368.00)*	*(144.25)*	*(9,625.76)*	*(8,373.07)*	*(543.87)*	*(248.34)*	*(137.35)*	*(9,027.93)*	*(597.83)*

Notes :

(i) The above assets represent assets owned by the company and there are no assets taken on finance lease or given on operating lease

(ii) Computers (included under office equipment) and Computer Software have been classified between tangible and intangible assets, respectively in the current year and the prior year comparables have been appropriately reclassified.

* Adjustments represent exchange fluctuation arising on account of translation from foreign currency to reporting currency

Notes forming part of the Consolidated Financial Statements

Note - 12 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Advance Taxes (Net of Provision of ₹ 3,352.23 Lakhs) (As at March 31, 2014 ₹ 3,617.18 Lakhs)		1,499.11	1,168.77
Balances with government authorities - Service Tax Credit Receivable		266.90	266.90
Security Deposits		801.47	802.83
Total		2,567.48	2,238.50

Note - 13 OTHER NON - CURRENT ASSETS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Long-term Trade Receivables			
(Unsecured)			
Outstanding for a period exceeding six months from due date			
Considered Doubtful		5,317.63	4,731.81
Less: Provision for Doubtful trade receivables		(5,317.63)	(4,731.81)
		–	–
Unbilled Revenue		–	1,424.60
Total		–	1,424.60

Note - 14 TRADE RECEIVABLES

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
(Unsecured)			
Outstanding for a period exceeding six months from due date			
Considered Good		494.77	1,046.20
		494.77	1,046.20
Other debts			
Considered Good		11,807.08	9,011.40
Considered Doubtful		–	38.63
Less: Provision for doubtful trade receivables		–	(38.63)
		11,807.08	9,011.40
Total		12,301.85	10,057.60

Note - 15 CASH AND CASH EQUIVALENTS

₹ in Lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents			
(a) Cash on Hand		0.77	0.94
(b) Balance with Banks			
(i) in Current Accounts		4,843.65	4,295.28
(ii) in EEFC Accounts		73.66	10.42
(iii) in Earmarked Accounts			
-Unclaimed dividend Accounts	37 (i)	–	1.31
(c) Others			
Margin Money Deposits (Note(i))		751.92	485.42
Total		5,670.00	4,793.37

Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is ₹ 4,918.08 Lakhs (Previous Year ₹ 4,306.64 Lakhs)

Note(i) Margin money deposits include deposits with a remaining maturity period of less than 12 months from the Balance Sheet date.

Notes forming part of the Consolidated Financial Statements

Note - 16 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good)

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Advance recoverable	37(vi)	233.80	233.80
Loans and advances to employees		329.69	280.99
Prepaid expenses		286.17	325.96
Advance to Suppliers		252.91	107.84
Total		**1,102.57**	**948.59**

Note - 17 OTHER CURRENT ASSETS (Unsecured, Considered Good)

₹ *in Lakhs*

	Note No.	As at March 31, 2015	As at March 31, 2014
Unbilled Revenue		5,268.03	3,494.30
Interest accrued on deposits		2.88	9.33
Contractually Recoverable Expenses		6.90	53.25
Total		**5,277.81**	**3,556.88**

Note - 18 REVENUE FROM OPERATIONS

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Income from Sale of Products (and related services)		35,983.31	34,005.16
Total		**35,983.31**	**34,005.16**

Note - 19 OTHER INCOME

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income			
Interest on deposit accounts from banks		4.58	9.45
Other non-operating income			
Profit on sale of Fixed Assets (net)		1.62	–
Miscellaneous Income		84.37	200.16
Liability no longer required written back		6.85	–
Reversal of provision for doubtful trade receivables/ bad debts recovered		–	240.03
SUB TOTAL		**97.42**	**449.64**
less: Other Income from Discontinuing Operations	35	(7.22)	(5.52)
Total		**90.20**	**444.12**

Note - 20 EMPLOYEE BENEFITS EXPENSE AND SUB-CONTRACT CHARGES

₹ *in Lakhs*

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries & Wages		13,123.00	14,725.87
Contribution to Provident Fund and Other Funds		1,126.90	1,056.07
Expense on Employee Stock Option Scheme (ESOP)		(18.18)	(27.16)
Staff Welfare Expenses		692.83	760.78
		14,924.55	**16,515.56**
Sub-contract Charges		1,451.00	1,413.74
SUB TOTAL		**16,375.55**	**17,929.30**
less: Employee Benefit Expense and Sub-contract Charges from Discontinuing Operations	35	(86.38)	(150.72)
Total		**16,289.17**	**17,778.58**

Notes forming part of the Consolidated Financial Statements

Note - 21 FINANCE COSTS

₹ in Lakhs

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest Expenses on:			
Foreign Currency Convertible Bonds		3,352.21	3,422.30
Other Borrowings		2,488.24	3,025.60
Other Borrowings Costs - Bank Charges		264.18	299.86
SUB TOTAL		**6,104.63**	**6,747.76**
less: Finance Costs from Discontinuing Operations	35	(0.64)	(38.24)
Total		**6,103.99**	**6,709.52**

Note - 22 OTHER EXPENSES

₹ in Lakhs

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Software Purchases		62.02	51.14
Rent		1,598.82	1,540.70
Power, Fuel and Water Charges		234.76	198.31
Repairs & Maintenance		787.01	676.48
Insurance		147.11	152.90
Communication Costs		331.71	469.03
Printing & Stationery		28.50	45.85
Travelling & Conveyance		2,627.56	2,213.60
Rates & Taxes Including Filing Fees		135.11	150.71
Advertisement & Business Promotion		331.35	309.04
Consultancy Charges		696.83	900.70
Payments to Auditors (Refer Note 36)		155.83	120.42
Commission on Sales		521.95	20.09
Provision for Doubtful trade and other receivables		577.47	–
Director sitting fees		12.90	4.20
Loss on sale of Fixed assets (Net)		–	7.10
Exchange Fluctuation Loss (Net)	40	1,250.09	1,676.98
Miscellaneous Expenses		7.55	32.77
SUB TOTAL		**9,506.57**	**8,570.02**
less: Other Expenses from Discontinuing Operations	35	(394.38)	(70.60)
Total		**9,112.19**	**8,499.42**

Note - 23 EXCEPTIONAL ITEMS

₹ in Lakhs

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Provision for doubtful trade and other receivables	37(vii)	–	219.61
SUB TOTAL		–	219.61
less: Exceptional Items from Discontinuing Operations	35	–	(219.61)
Total		–	–

Notes forming part of the Consolidated Financial Statements

Note - 24 ACCOUNTING UNDER THE PROPOSAL APPROVED BY THE HON'BLE HIGH COURT

(a) During the year ending March 31, 2010, the shareholders of the Company approved the Board's proposal (hereinafter referred to as 'the Proposal' for transferring amounts from the Securities Premium and Capital Reserves as on or arising after April 1, 2009 (upto March 31, 2013) to a Business Restructuring Reserve (BRR) to be utilised from April 1, 2009 for certain Permitted Utilisations as mentioned in the Proposal.

The Proposal was approved by the Hon'ble High court of Karnataka on May 4, 2010 and was registered with the Registrar of Companies on May 11, 2010, thereby completing all the requirements for the order to be effective.

(b) Adjustments in the BRR during the year ended :

₹ in Lakhs

In the statement of profit and loss	March 31, 2015	March 31, 2014
Provision for doubtful trade receivables	–	80.63

(c) Had the Proposal not provided for the above, the effect of accounting under the Accounting Standards referred to in Rule 7 of the Companies (Accounts) Rules 2014 (Previous Year :Section 211(3C) of the Companies Act, 1956) would have been as under:

Amount in ₹ Lakhs except as otherwise indicated

In the Statement of Profit and loss.	March 31, 2015	March 31, 2014
Expenses would have been higher by:		
-Provision towards doubtful trade receivables	–	80.63
Profit / (loss) after Tax would have been (lower)/higher by	–	80.63
Basic Earnings / (Loss) per share would have been – ₹	0.59	(0.75)
Diluted Earnings / (Loss) per share would have been – ₹	0.59	(0.75)

Note - 25 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

(a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds (FCCB 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/ US1$

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/ US1$

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.

Note - 25 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

(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$ 127.72 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.

(c) The terms and conditions of FCCB III are as under:

i) Interest rate : 5.70% p.a. payable semi annually

ii) Exchange rate for conversion of FCCB : ₹ 56.06/ US1$

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 paripassu 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 & to the extent covered by the existing security. First ranking charge on FCCB Repayment fund on a paripassu basis jointly & equally with SBI & Axis Bank Ltd. The promoters of the company have pledged their share towards securing the repayment of FCCB III.

vii) Mandatory conversion of bonds with a face value of US$ 36.32 Million into equity shares at the aforesaid conversion price on July 07, 2012.

During 2012-13, 2013-14 and 2014-15, FCCB III with a face value of US$ 3.25 Million, US$ Nil and US$ 6.62 Million, respectively, were converted into equity shares of the Company, retaining a closing balance of US$ 81.53 Million as at March 31, 2015 (Previous Year : US$ 88.15 Million). Subsequent to the year ended March 31, 2015 the company has received an intimation for conversion of FCCB's III of US$ 5 Million, leaving a current outstanding of FCCB III bond of face value of US$ 76.53 Million.

The Company has, during 2013-14 and 2014-15, received approvals from the FCCB holders for deferment of the semi-annual interest payments falling due on January 2013, July 2013, January 2014, July 2014 and January 2015 to be settled with the principal on the redemption date. These have accordingly been categorized as long-term liabilities.

(d) 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.

(e) FCCB I : As at March 31, 2015, the face value of the US$ 1 Million FCCBs (Previous Year US$ 1 Million) amounts to ₹ 625.03 Lakhs (Previous Year: ₹ 599.16 Lakhs) and is included in Note 5 – Long Term Borrowings.

The premium payable on maturity has been accrued by a charge to Securities Premium.

FCCB II : As at March 31, 2015, the face value of the US$ 1.40 Million FCCBs (Previous Year US$ 1.40 Million) amounts to ₹ 875.05 Lakhs (Previous Year: ₹ 838.87 Lakhs) and is included in Note 5 – Long Term Borrowings.

The premium payable on maturity has been accrued by a charge to Securities Premium.

FCCB III : As at March 31, 2015, the face value of the US$ 81.53 Million FCCBs (Previous Year US$ 88.15 Million) amounts to ₹ 50,956.17 Lakhs (Previous Year: ₹ 52,815.00 Lakhs) and is included in Note 5 – Long Term Borrowings. Subsequent to the year ended March 31, 2015 the company has received an intimation for conversion of FCCB's III of US$ 5 Million, leaving a current outstanding of FCCB III bond of face value of US$ 76.53 Million.

(f) The Board of the Holding Co. in its meeting on May 14, 2015 has approved the reset of conversion price of the FCCB III which are convertible into equity shares of the Company, from ₹ 22.79 to ₹ 13.00 per equity share. As a result of the reset of conversion price, subject to necessary approvals, the said bonds as currently outstanding of face value of US$ 76.53 Million would potentially be converted into 329,988,530 shares at an exchange rate of ₹ 56.05.

Notes forming part of the Consolidated Financial Statements

Note - 26 EMPLOYEES STOCK OPTION PLAN (ESOP)

The Company during the years 1999-2000, 2005-2006 and 2008-09 has established ESOP II, ESOP III and ESOP IV respectively.

These schemes have been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 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 difference between the market price of the share underlying the options granted on the date of grant of option and the exercise price of the option are expensed over the vesting period as per the SEBI guidelines.

The Company has obtained in-principle approval for listing of shares up to a limit as mentioned below.

ESOP II : 8,83,750 shares

ESOP III : 20,00,000 shares

ESOP IV : 20,00,000 shares

Employees' Stock Options Details as on the Balance Sheet Date are

Particulars	2014-15		2013-14	
	Options (No's)	Weighted average exercise price per stock option (₹)	Options (No's)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	2,975	67.00	4,670	82.63
ESOP – III	8,63,950	30.78	11,31,147	34.04
ESOP – IV	5,67,518	28.56	7,30,806	28.79
Granted during the year				
ESOP – II	–	–	–	–
ESOP –III	–	–	–	–
ESOP – IV	–	–	–	–
Exercised during the year				
ESOP – II	–	–	–	–
ESOP – III	–	–	–	–
ESOP – IV	–	–	–	–
Cancelled, Surrendered or Lapsed during the year				
ESOP – II	1,050	–	1,695	–
ESOP – III	1,22,878	–	2,67,197	–
ESOP – IV	92,508	–	1,63,288	–
Options outstanding at the end of the year				
ESOP – II	1,925	67.00	2,975	67.00
ESOP – III	7,41,072	27.99	8,63,950	30.78
ESOP – IV	4,75,010	28.49	5,67,518	28.56
Options exercisable at the end of the year				
ESOP – II	1,925	–	2,975	–
ESOP – III	6,66,967	–	7,09,638	–
ESOP – IV	4,75,010	–	4,98,483	–

[Weighted average remaining contractual life (considering vesting and exercise period)]

ESOP – II At March 31, 2014: 1.02 Years
At March 31, 2015: 0.37 Years

ESOP – III At March 31, 2014: 2.12 Years
At March 31, 2015: 1.16 Years

ESOP – IV At March 31, 2014: 2.17 Years
At March 31, 2015: 1.17 Years

Notes forming part of the Consolidated Financial Statements

Note - 26 EMPLOYEES STOCK OPTION PLAN (ESOP)

Fair Value Methodology

The fair value of options used to compute proforma net income and earnings per equity share have been estimated on the date of grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating fair value is: risk-free interest rate of 8% (Previous year: 8%), expected life: 3 years (Previous year: 3 years), expected volatility of share: 54.49% (Previous year: 54.49%), and expected dividend yield: 0% (Previous year: 0%) The variables detailed herein represent the average of the assumptions during the pendency of the grant dates.

The impact on the EPS of the Company if fair value method is adopted is given below:

Amount in ₹ Lakhs except as otherwise indicated

Particulars	March 31, 2015	March 31, 2014
Net Profit/(Loss) for the year (as reported)	1,021.44	(1,161.27)
Add : Stock-based employee compensation relating to grants after Apr 1, 2006	(18.18)	(27.16)
Less : Stock-based compensation expenses determined under fair value based method for the above grants	13.47	20.71
Net Profit/(Loss) (proforma)	989.79	(1,209.14)
Basic earnings/(loss) per share (as reported) - ₹	0.59	(0.70)
Basic earnings/(loss) per share (proforma) - ₹	0.58	(0.73)
Diluted earnings/(loss) per share (as reported) - ₹	0.59	(0.70)
Diluted earnings/(loss) per share (proforma) - ₹	0.58	(0.73)

Note - 27

The Company adopted the amendments to Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" that were notified during the year ended March 31, 2012. Pursuant to this amendment, exchange fluctuations arising on restatement of all long term monetary foreign currency assets and liabilities at rates different from those at which they were initially recorded or reported in the previous financial statements (whichever is later), are accumulated in a Foreign Currency Monetary Item Translation Difference account and are amortized over the balance period of such long term asset / liability. Consequently, exchange fluctuation losses (net) arising on restatement of such items has been deferred to the extent of ₹ 5,111.22 Lakhs (Previous Year ₹5,801.74 Lakhs) at March 31, 2015.

Note - 28 EMPLOYEE BENEFIT PLANS

Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective local labour laws.

a) **Defined Contribution Plans**

The Group makes contribution to Provident Fund and Employee State Insurance scheme which are defined contribution plan, in respect of employees in India. In respect of employees in overseas subsidiaries, the Group makes contributions to certain defined contribution plans, based on respective local laws. Under these plans, a specified percentage of payouts are required to be contributed by the Group. The Group recognized ₹ 956.21 Lakhs (Year ended March 31, 2014 ₹ 981.88 Lakhs) for Provident Fund contributions (excluding administrative charges) ₹ 0.55 Lakhs (Year ended 31 March 2014 ₹ 1.89 Lakhs) for Employee State Insurance Scheme contribution in the Consolidated Statement of Profit and Loss. The contribution payable to these plans by the Group are at rates specified in the rules of the Scheme.

(b) **Defined Benefit Plans**

The Group offers the Gratuity benefits to employees, a defined benefit plan. The following table sets out the funded status of Gratuity liability in respect of parent company and its subsidiaries and the amounts recognised in the consolidated financial statements:

Amount in ₹ Lakhs except assumptions

	Particulars	Gratuity	
		March 31, 2015	March 31, 2014
I	**Components of employer expense**		
1	Current Service cost	65.36	69.65
2	Interest cost	23.53	20.91
3	Expected return on plan assets	(3.62)	(1.45)
4	Curtailment cost / (credit)	–	–
5	Settlement cost / (credit)	–	–
6	Past Service Cost	–	–
7	Actuarial Losses / (Gains)	85.42	(14.92)
8	**Total expense recognized in the Consolidated Statement of Profit and Loss**	**170.69**	**74.19**

Notes forming part of the Consolidated Financial Statements

Note - 28 EMPLOYEE BENEFIT PLANS

Amount in ₹ Lakhs except as otherwise indicated

	Particulars	Gratuity	
		March 31, 2015	March 31, 2014
II	**Actual Contribution and Benefit Payments for the year**		
1	Actual benefit payments	52.60	76.39
2	Actual Contributions	80.00	96.00
III	**Net asset / (liability) recognized in Consolidated Balance Sheet**		
1	Present value of Defined Benefit Obligation (DBO)	405.20	321.46
2	Fair value of plan assets	58.29	28.88
3	Funded status [Surplus / (Deficit)]	(346.91)	(292.58)
4	Unrecognized Past Service Costs	–	–
IV	Net asset / (liability) recognized in Consolidated Balance Sheet	(346.91)	(292.58)
	- Current	(26.75)	(41.89)
	- Non current	(320.16)	(250.69)
	Estimated Contribution in the Immediate next year	100.00	96.00
V	**Change in Defined Benefit Obligations during the year**		
1	Present Value of DBO at beginning of year	321.46	348.47
2	Current Service cost	65.36	69.65
3	Interest cost	23.53	20.91
4	Curtailment cost / (credit)	–	–
5	Settlement cost / (credit)	–	–
6	Plan amendments	–	–
7	Acquisitions	–	–
8	Actuarial (gains) / losses	83.82	(14.41)
9	Currency translation adjustment	(36.37)	(26.77)
10	Benefits paid	(52.60)	(76.39)
11	Present Value of DBO at the end of year	405.20	321.46
VI	**Change in Fair Value of Assets during the year**		
1	Plan assets at beginning of year	28.88	7.31
2	Acquisition Adjustment	–	–
3	Expected return on plan assets(estimated)	3.62	1.45
4	Actuarial Gain / (Loss)	(1.60)	0.51
5	Actual Company contributions(less risk premium, ST)	80.00	96.00
6	Benefits paid	(52.60)	(76.39)
7	Plan assets at the end of period	58.29	28.88
VII	**Actuarial Assumptions**		
1	Discount Rate	7.80%	9.25%
2	Expected Return on plan assets	8.50%	8.50%
3	Salary escalation	8.00%	6.00%
4	Attrition Rate	18.00%	9.00%

Amount in ₹ Lakhs

Five Year Data	Period ending				
	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Defined Benefit Obligation at end of the period	(299.41)	(348.50)	(348.47)	(321.46)	(405.20)
Plan Assets at end of the period	33.04	7.10	7. 31	28.88	58.29
Funded Status	(266.37)	(341.40)	(341.16)	(292.58)	(346.91)
Experience Gain / (Loss)adjustments on Plan Liabilities	(4.83)	54.12	11.31	(10.25)	1.09
Experience Gain / (Loss)adjustments on Plan Assets	0.38	0.31	(0.09)	0.51	(1.60)
Actuarial Gain / (Loss) due to change on assumptions	–	12.77	(42.73)	24.66	(84.91)

• The composition of the plan assets held under the funds managed by the Insurer is as follows:

Fund Type	2015 (%)	2014 (%)
G-Sec	43.31	6.92
FD and Other Asset	56.69	93.08

Notes forming part of the Consolidated Financial Statements

Note - 28 EMPLOYEE BENEFIT PLANS

c) Actuarial Assumption for long-term compensated absences

Particulars	March 31, 2015	March 31, 2014
Discount rate	7.80%	9.25%
Expected return on plan asset	NA	NA
Salary escalation rate	8.00%	6.00%
Attrition	18.00%	9.00%

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Total Liabilities Estimated	(415.75)	(382.14)
Less: Current Portion	(325.97)	(306.31)
Non Current portion	(89.78)	(75.83)

Note: The below assumptions are have been considered for both the gratuity and compensated absences.

• 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 optimize returns within acceptable risk parameters, the plan assets are well diversified.

• The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

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

• The discount rate is based on the bond yields of Government of India securities as at the Balance Sheet date corresponding to a term of approximately 5 years which is the expected term of Defined Benefit Obligation.

Note - 29 SEGMENTAL REPORTING

The Group has identified a single primary segment being Software Products & related services. This being a single segment no additional segmental disclosure has been made for the primary segment. The accounting policies adopted for segment reporting are in line with the accounting policies of the Group outlined in Note 2. 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.

The Group operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA and (c) 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 are organized under 'APAC and the rest of the world'. The Group has identified its secondary segment to be geographical. Segment revenue by geographical location are as follows:

Particulars	Total Revenues	
	March 31, 2015	March 31, 2014
Americas	7,076.67	6,758.41
EMEA	20,688.90	21,393.84
APAC and rest of the world	8,217.74	5,852.91
Total	**35,983.31**	**34,005.16**

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

Amount in ₹ Lakhs except as otherwise indicated

Particulars	2014-15		2013-14	
Location	Carrying Amount of Segment Assets	Additions to Fixed assets and Intangible assets	Carrying Amount of Segment Assets	Additions to Fixed assets and Intangible assets
Americas	3,853.61	73.54	3,516.64	216.33
EMEA	7,341.70	48.74	8,046.22	4.44
APAC,and rest of the world	1,00,685.36	508.85	96,527.96	147.23
Total	**1,11,880.67**	**631.13**	**1,08,090.82**	**368.00**

Notes forming part of the Consolidated Financial Statements

Note - 30 RELATED PARTY INFORMATION

Related Parties

Key Management Personnel

Surjeet Singh, Managing Director & CEO

Details of the transactions with the related parties:

₹ in Lakhs

Particulars	Key Management Personnel	
	2014-15	2013-14
a) Salary and Perquisites :		
Surjeet Singh	518.81	512.53
b) Amount due as at year end to :		
Surjeet Singh	32.20	–

Note - 31 OPERATING LEASES

The Group had entered into lease agreement for certain properties and servers/computers which are cancellable at the option of the Company. The total rent charged to the Statement of Profit and Loss for the year towards such leases amounted to ₹ 1,598.82 Lakhs (Previous year ₹ 1,540.70 Lakhs).

Note - 32 EARNINGS PER SHARE (EPS)

Amount in ₹ Lakhs except as otherwise indicated

Particulars	2014-15	2013-14
Profit after Tax attributable to shareholders (A)	1,021.45	(1,161.27)
Add : Interest on FCCBs	–	–
Add : ESOP expenses	18.18	–
Add/(Less) : Exchange Fluctuation on FCCB	–	–
Adjusted Profits after Tax for Diluted EPS (B)	**1,039.63**	**(1,161.27)**
Weighted Average Number of Shares (in Lakhs) for Basic EPS (C)	1,716.78	1,666.40
Effect of Existence of Dilutive Instruments (FCCBs and ESOPs) (in Lakhs)	12.18	–
Weighted Average Number of Shares (in Lakhs) for Diluted EPS (D)	1,728.96	1,666.40
Earnings per Share – Basic [(A) / (C)] - ₹	0.59	(0.70)
Earnings per Share - Diluted [(B) / (D)] - ₹	0.59	(0.70)

Face value of shares: ₹ 10/- each.

Note : FCCBs outstanding as at March 31, 2015 and March 31, 2014 are anti-dilutive and hence have not been considered for purposes of Dilutive EPS in the respective years.

Outstanding ESOPs as at March 31, 2014 were anti-dilutive and hence were not considered for purposes of Dilutive EPS in year ended March 31, 2014.

Note - 33 DEFERRED TAXES

The Group has a net deferred tax asset as at March 31, 2015 significantly arising from brought forward unabsorbed depreciation and tax losses, which has not been recognized in the absence of virtual certainty, as a matter of prudence.

Note - 34 CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debt:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
(i) Income Tax Demands significantly pertaining to corporate tax and transfer pricing adjustments which are being contested by the company	9,008.77	4,514.57
These cases are pending at various forum with the respective authorities. Outflows, if any, arising out of these claims would depend upon the outcome of the decision of the appellate authority and the companies right for future appeals before Judiciary. No reimbursements are expected		
(ii) Others	1,337.64	1,001.04

Notes forming part of the Consolidated Financial Statements

Note - 34 COMMITMENTS AND CONTINGENT LIABILITIES

(iii) The Company received a demand of service tax of ₹. 3,607.60 lakhs and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest, for the period from April, 2006 to July, 2009 towards service tax payable on import of certain services. The Company filed an appeal contesting the demand before the Central Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore and CESTAT without expressing any opinion, has remanded the appeal back to the adjudication authority and dispensed with the requirement of pre-deposit.

Note - 35 DISCONTINUING OPERATIONS

During the previous year, pursuant to the approval of the Board of Directors, the Company has discontinued the operations of two of its subsidiaries with effect from April 01, 2013. The two subsidiaries represented and were reported as services segment viz. Subex Technologies Ltd and Subex Technologies Inc of the Company. The results of the discontinued business during the year until discontinuation were as under:

₹ in Lakhs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit / (Loss) from ordinary activities		
Sale of services	–	–
Other Income	7.22	5.52
Total revenue (A)	**7.22**	**5.52**
Cost of Material Consumed	–	0.90
Employee benefits expense	86.38	150.72
Finance costs	0.64	38.24
Depreciation and amortization expense	–	4.16
Other expenses (Refer note 40)	394.38	70.60
Exceptional Item	–	219.61
Total expenses (B)	**481.40**	**482.23**
Profit / (Loss) before tax from ordinary activities (A-B)	(474.18)	(478.71)
Tax expense	5.62	8.44
Profit / (Loss) after tax of discontinuing operations	**(479.80)**	**(487.15)**
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business to be disposed off	5.47	32.43
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business to be settled	118.81	151.57
Net cash flow attributable to the discontinued business		
Cash flows from operating activities	35.12	894.62
Cash flows from investing activities	5.98	0.45
Cash flows from financing activities	0.62	(969.37)

Note - 36 PAYMENTS TO AUDITORS (NET OF SERVICE TAX CREDIT'S RECOGNISED)

A Statutory Auditors

Particulars	March 31, 2015	March 31, 2014
For Audit matters (Quarterly review, Statutory audit of standalone and consolidated statements)	90.00	90.00
For Taxation matters (Tax Audit)	1.50	1.50
For Certification matters	1.50	1.20
For Reimbursement of expenses	6.10	5.38
Total	**99.10**	**98.08**

B Other auditors for the Subsidiaries

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Audit fees	55.49	22.34
For Reimbursement of expenses	1.24	–
Total	**56.73**	**22.34**

Notes forming part of the Consolidated Financial Statements

Note - 37 OTHERS

(i) During the current year, the Company has transferred ₹ 1.31 Lakhs (Previous Year - ₹ 1.60 Lakhs) to Investor Education and Protection Fund. Unclaimed dividend of ₹ Nil as at March 31, 2015 (Previous Year - ₹ 1.31 Lakhs) represent dividends not claimed for the financial year Nil (Previous Year : for 2006-2007).

(ii) The Company has during the year revised certain estimates on useful life of the assets based on the assessment carried out on account of the application of Schedule II of the Companies Act, 2013. This has resulted in the depreciation charge and the loss for the year to be higher by ₹ 82.76 Lakhs. The Company has in accordance with the transitional provisions available adjusted ₹ 9.46 Lakhs to retained earnings representing the value of assets whose life was NIL as of April 01, 2014.

(iii) Research and Development Cost for the year includes expenditure of ₹ 1,725.19 Lakhs (Previous year - ₹ 1,665.37 Lakhs). This is as certified by the management and relied upon by the auditors.

(iv) The Company 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 the year end.

The year-end foreign currency exposures that have not been hedged by derivative instruments or otherwise are given below.

Note: The above does not include exposure on intra-group balances, being eliminated on consolidation.

Amount in Lakhs

Particulars	March 31, 2015		March 31, 2014	
	Amount(₹)	Foreign currency	Amount(₹)	Foreign currency
(a) Receivable towards Export of Goods & Services	297.38	AUD 5.10	6.82	AED 0.42
	312.04	MYR 18.13	326.88	AUD 5.91
	10.23	SGD 0.23	84.78	CHF 1.25
	11,093.70	USD 192.15	1,454.07	EUR 17.59
	1,030.93	AED 60.55	114.02	QAR 6.93
	1,389.26	EUR 19.37	178.69	MYR 9.74
	22.58	SEK 3.13	10,462.68	USD 174.63
	82.71	CHF 1.25	10.74	SGD 0.23
	172.48	QAR 10.17	71.69	OMR 0.46
	16.46	THB 8.67		
(b) Payable towards Import of goods and services	16.64	USD 0.27	3.04	AED 0.19
	21.07	AED 1.28	5.21	AUD 0.09
	8.12	EUR 0.12	10.09	CAD 0.19
	0.62	SAR 0.04	17.30	EUR 0.21
	3.13	AUD 0.05	0.29	GBP 0.003
	3.82	CAD 0.08	1.32	SAR 0.08
			1.62	OMR 0.01
			5,363.15	USD 89.51
			7.40	MYR 0.40
(c) Loan (being other amounts payable in foreign currency)	1,167.87	SGD 25.68	1,075.65	USD 17.95
	3,486.03	USD 55.78	2,650.76	GBP 26.57
	3,590.17	GBP 38.83	41.34	EUR 0.50
	39.02	EUR 0.58	927.86	SGD 19.50
(d) Towards interest on Foreign Currency loans	8,507.12	USD 136.70	5271.80	USD 87.99
Towards Foreign Currency Convertible Bonds (FCCB's)	52,456.25	USD 839.3	54,253.03	USD 905.50
Redemption premium accrued on FCCB's	596.25	USD 9.54	571.59	USD 9.54
(e) Bank Balances	3,077.92	USD 49.25	2,161.69	USD 36.08
	43.44	AED 2.55	53.30	AED 3.27
	337.46	EUR 5.02	62.23	AUD 1.13
	79.32	AUD 1.67	25.53	CAD 0.47
	28.00	CAD 0.57	225.60	EUR 2.73

Notes forming part of the Consolidated Financial Statements

Note - 37 OTHERS

(v) The Group Company have 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. 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 applicable in India and the other countries. Consequently, this will not have any impact on the financial statements, particularly on account of tax expense and that of provision for taxation.

(vi) In view of the losses incurred by the Company during the year ended March 31, 2013, the excess of the managerial remuneration paid to the directors during the year FY 2012-13 over the limits prescribed under Schedule XIII of the Companies Act, 1956 has been treated as monies due from the directors, being held by them in trust for the Company, and is included under 'Short-term loans and advances' amounting to ₹ 123.80 Lakhs (Previous Year ₹ 123.80 Lakhs)

Other advances for directors paid during FY 2012-13 is ₹ 110 Lakhs (Previous Year ₹ 110 Lakhs)

The Company has taken necessary steps for recovery of the above amounts and these items along with other claims are a subject matter of arbitration which is in progress.

(vii) Exceptional items for the prior year include an amount of ₹ 219.61 Lakhs pertaining to provision for doubtful trade receivables arising from the discontinuance of the services segment. The management has decided to classify the same as exceptional item being non-recurring in nature.

Note - 38

The Management has assessed the carrying value of goodwill arising from its investment in its subsidiary viz Subex Americas Inc, amounting to ₹ 18,606.00 Lakhs. Based on such assessment, there is no impairment of goodwill taking into account the future operational plans and cash flows as prepared by the management and accordingly no impairment loss is required to be recognized at this stage.

Note - 39 DETAILS OF THE SUBSIDIARIES CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2015

Name of the entity in the	Net assets, i.e. total assets minus total liabilities (Note 1)		Share of profit or (loss) (Note 1)	
	As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated net assets	Amount in ₹ Lakhs
Parent : Subex Ltd	99%	20,645.20	(-)486%	(-)4968.79
Previous Year	*(98%)*	*(17,061.52)*	*(312%)*	*((-)3627.2)*
Subsidiaries				
Indian				
1. Subex Technologies Ltd.	(-)1%	(-)116.13	(-)39%	(-)16.41
Previous Year	*(0%)*	*((-)5.30)*	*(0%)*	*((-)3.59)*
Foreign				
1. Subex (Asia Pacific) Pte Ltd.	10%	2,137.80	139%	1,417.18
Previous Year	*(10%)*	*(1,778.11)*	*((-)124%)*	*(1,434.37)*
2. Subex (UK) Ltd.	28%	5,767.20	523%	5,339.08
Previous Year	*(35%)*	*(6,075.90)*	*((-)247%)*	*(2,867.31)*
3. Subex Americas Inc. (Note 2)	(-)45%	(-)9313.10	(-)79%	(-)810.05
Previous Year	*((-)48%)*	*((-)8319.76)*	*(17%)*	*(195.31)*
4. Subex Incorporated	9%	1,780.25	51%	523.83
Previous Year	*(5%)*	*(877.39)*	*(99%)*	*((-)1153.28)*
5. Subex Technologies Inc	0%	2.79	(-)8%	(-)463.39
Previous Year	*((-)1%)*	*((-)105.97)*	*(42%)*	*((-)483.56)*
TOTAL - Current Year	**100%**	**20,904.02**	**100%**	**1,021.45**
TOTAL - Previous Year	*(100%)*	*(17,361.90)*	*(100%)*	*((-)1161.27)*

Note:

1. The information in respect of these entities are extracted from the financial summary considered in the consolidated financial statements, which have been subject to audit, by the statutory auditors solely for the purpose of the inclusion of these balances in the consolidated financial statements.

   The balances have been considered after eliminating all inter-company balances and transactions.

Notes forming part of the Consolidated Financial Statements

Note - 39 DETAILS OF THE SUBSIDIARIES CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2015

2. The details given in respect of Subex Americas Inc. are on a consolidated basis. The subsidiary of Subex Americas Inc. that has been consolidated is as follows:

Subsidiary	Country of Incorporation
Subex Azure Holding Inc.	United Sates of America

3. Previous year figures are in bracket.

Note - 40

Exchange fluctuation Loss (Net)includes an amount of ₹ 383.23 Lakhs (Previous Year : ₹ Nil) for the year ended March 31, 2015 of exchange loss on consolidation of one of the subsidiaries viz., Subex Technologies Inc. on account of its liquidation post discontinuance of its operations.

Note - 41

Schedule III of the Companies Act, 2013 has become effective from April 1, 2014 for the preparation of financial statements. Previous year's figures have been regrouped / reclassified to be comparable with current year's classification / disclosures.

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

Sanjeev Aga
Director
DIN:00022065

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

Mumbai
Date: 14th May, 2015

"SHAREHOLDERS' INFORMATION"

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore – 560 037.

DATE AND VENUE OF THE ANNUAL GENERAL MEETING (AGM)

Date	:	June 19, 2015
Venue	:	Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore – 560 037
Time	:	1 PM

DATES OF BOOK CLOSURE

From June 12, 2015 to June 19, 2015 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 1, 2015 to March 31, 2016

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2015	– 2nd week of August 2015
For quarter ending September 30, 2015	– 2nd week of November 2015
For quarter ending December 31, 2015	– 2nd week of February 2016
For the year ending March 31, 2016	– 4th week of May 2016

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2014-15.

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 2014-15 in accordance with the provisions of the Listing Agreement with NSE and BSE.

The 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 US$ 180 million, 2% Coupon Convertible Unsecured Bonds (outstanding amount US$ 1 Million) are listed on the London Stock Exchange since March 9, 2007.

The Company's US$ 98.7 million 5% Convertible Unsecured Bonds (outstanding amount US$ 1.4 Million), issued pursuant to the restructuring of US$ 180 million, 2% Coupon Convertible Unsecured Bonds, have been listed on the Singapore Exchange Securities Trading Limited since November 6, 2009.

The Company's US$ 127.721 million 5.70% Convertible Secured Bonds (outstanding amount of US$ 81.53 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, 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	SUBEX

Name and address of the Stock Exchange	Stock code
Singapore Exchange Securities Trading Limited 2 Shenton Way #19-00 SGX Centre 1 Singapore 068804	4AFB (SUBEX US$ 98.7 million 5% bonds) 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 2014-15 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2014. Further, for the financial year 2015-16, the Company will pay the custodial fees within the prescribed timelines.

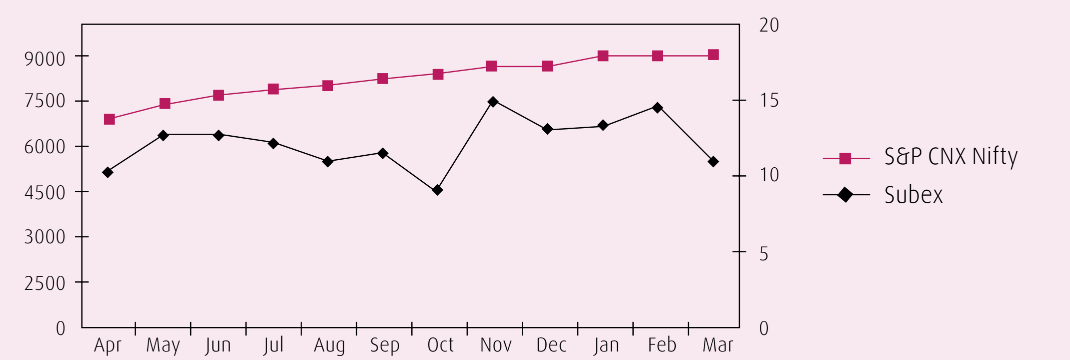
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

Monthly high and low quotes during each month in the financial year 2014-15 as well as the volume of shares traded on NSE and BSE are as under:

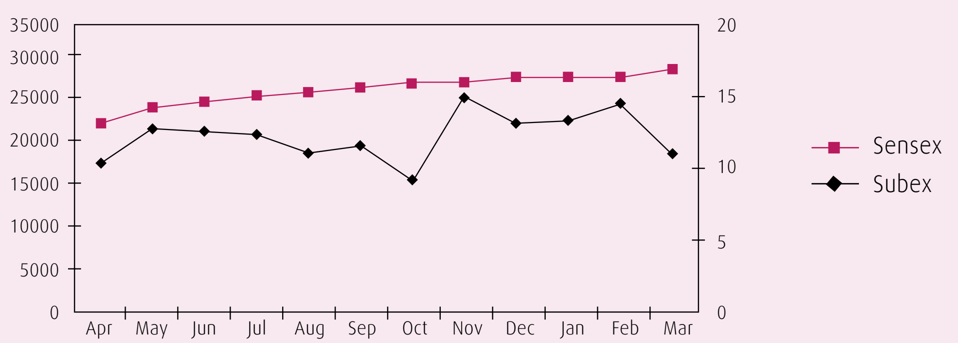
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (Nos)	High (₹)	Low (₹)	Volume (Nos)
Apr-14	10.2	8.4	299,289	10.24	8.36	1,150,636
May-14	12.7	8.25	787,539	12.68	8.22	4,226,273
Jun-14	12.6	8.15	729,691	12.5	8.12	3,591,941
Jul-14	12.15	9.6	673,288	12.24	9.58	3,952,234
Aug-14	10.95	8.1	353,184	10.96	8.16	1,171,201
Sep-14	11.5	8.4	967,400	11.49	8.44	4,007,581
Oct-14	9	8.4	345,620	9.03	8.45	1,188,642
Nov-14	14.85	9.4	2,711,153	14.89	9.37	12,130,476
Dec-14	13.05	9.85	968,241	13.05	9.89	7,198,408
Jan-15	13.25	10.7	1,282,518	13.24	10.71	6,062,262
Feb-15	14.5	9.8	1,831,729	14.49	9.72	8,123,211
Mar-15	10.95	9.45	902,656	10.88	9.37	2,879,001
TOTAL			11,852,308			55,681,866

*The monthly high and low quotes are calculated on the basis of the closing prices of the month.

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY



SUBEX LIMITED SHARE PRICE VERSUS SENSEX



SHAREHOLDING PATTERN

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2015		As on March 31, 2014	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	44,454	68.89	48,218	73.43
5001 – 10000	8,173	12.67	7,653	11.65
10001 – 20000	4,887	7.57	4,412	6.72
20001 –30000	1,865	2.89	1,591	2.42
30001 – 40000	998	1.55	789	1.20
40001 – 50000	1,074	1.66	788	1.20
50001 – 100000	1,570	2.43	1,134	1.73
100001 and above	1,503	2.34	1,084	1.65
TOTAL	64,525	100.00	65,669	100.00

Categories of Shareholders:

Category	As on March 31, 2015			As on March 31, 2014		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Others	63,478	86.94	15,90,45,582	64,661	83.61	139,807,211
Companies/ Bodies Corporate	996	12.12	2,21,76,115	952	12.16	20,261,298
Core Promoters	3	0.54	974,044	3	3.88	6,474,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	47	0.35	632,834	51	0.29	474,265
FII	1	0.05	94,000	2	0.06	97,409
TOTAL	64,525	100	18,29,22,575	65,669	100	166,639,962

(The Shareholding includes 15,98,746 equity shares converted on March 24, 2015 upon conversion of US$ 650,000 worth of FCCB III bonds)

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, 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 5, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

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 5, 2012 has reduced the time-line for registering the transfer of shares to 15 days with effect from October 1, 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.

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@ccsl.co.in*
Website: *www.canbankrta.com*

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2015, 99.97% 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, 2015, 2,43,207 GDRs were outstanding. As on March 31, 2015, the Company had outstanding FCCBs aggregating to US$ 1 million under its US$ 180,000,000 2% Convertible Unsecured Bonds ("FCCBs I") and US$ 1.4 million under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II"). The details of impact of the aforesaid instruments on the equity of the Company have been provided under the shareholding pattern for the year ended March 31, 2015 available on the Company's website under the Investors section.

In July 2012, pursuant to the exchange of US$ 38 million out of FCCBs I and US$ 53.40 million out of FCCBs II under a cashless exchange offer, the Company issued US$ 127.721 million 5.70% Secured Convertible Bonds ("FCCBs III") with a maturity period due July 2017 with a conversion price of ₹22.79 per equity share. As a part of the terms and conditions of FCCBs III, principal amount of US$ 36.321 million out of FCCBs III were mandatorily converted into equity shares at the aforesaid conversion price. Further principal amount of US$ 9.87 million out of FCCB III were voluntarily converted upto March 31, 2015. Pursuant to the mandatory conversion and voluntary conversions, US$ 81.53 million is outstanding under FCCBs III as on March 31, 2015. Also, the maturity period of the un-exchanged FCCBs I worth US$ 1 million and the un-exchanged FCCBs II worth US$ 1.40 million now stands extended to March 2017.

Principal amount of US$ 5,000,000 under the Company's U.S$ 127,721,000 5.70% Secured Convertible bonds with a maturity period due July 2017 ("FCCBs III") were converted between the end of the Financial year March 31, 2015 and the date of this report. As such principal amount of US$ 76,530,000 of FCCB III are outstanding as on the date of this report

The Board at its meeting held on May 14, 2015 approved the reset of conversion price of the FCCB III which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per share. As a result of the reset of conversion price, subject to necessary approvals, the said bonds as currently outstanding of face value of US $ 76.53 million would potentially be converted into 32,99,88,530 shares at an exchange rate of ₹56.05.

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature except those disclosed in Note no. 35 in the notes to the standalone financial statements.

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.

PROCEDURE FOR CLAIMING UNPAID DIVIDEND

In terms of Section 124 (5) of the Companies Act, 2013 monies transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

Brief particulars of dividend declared on the equity share capital are given below:

Year to Which Dividend Pertains	Declared at the AGM/Board Meeting Held on	Nature of Dividend	% of Dividend	Due date for Transfer to the Fund
2003-04	August 24, 2004	Final	20	See note below*
2004-05	January 27, 2005	Interim	10	See note below*
	July 28, 2005	Final	20	See note below*
2005-06	October 28, 2005	Interim	15	See note below*
	August 28, 2006	Final	10	See note below*
2006-07	January 29, 2007	Interim	15	See note below*
	July 26, 2007	Final	20	See note below*

The Company declared bonus at 1:1 in the years 2000-01 and 2005-06.

*The final dividend for the financial years 2003-04, 2004-05 and 2005-06 and the interim dividend declared for the financial year 2004-05, 2005-06 and 2006-07 which were unclaimed for 7 years from the date of payment being due, were transferred to the Investor Education and Protection Fund. Further, the final dividend for the financial year 2006-07 was transferred to the Investor Education and Protection Fund during the year 2014-15 within the prescribed timelines.

It may be noted that the unpaid dividend cannot be claimed from the Company after it has been transferred to the Investors Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company will be making available the requisite details of unpaid dividend to the MCA and will also be uploading the same on its website. The Investors may refer to these details.

INVESTOR GRIEVANCES

Investor grievances received from April 1, 2014 to March 31, 2015:

Nature of complaints	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/ annual report	1	1
Letters from NSDL, Banks etc.	–	–
Correction/change of bank mandate of refund order/Change of address	–	–
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	–	–
Other general query	–	–
Total	1	1

During the year ended March 31, 2015, the Company has attended to all the investors' grievances/correspondence within a period of 10 days from the date of receipt of the same, if the requisite documents, if any, were clear and complete in all respects.

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Ganesh K V
Chief Financial Officer. Global Head- Legal and Company Secretary
Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore – 560 037, 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 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.

NOTES

NOTES

www.subex.com
info@subex.com

INDIA
Subex Limited
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Bangalore - 560037, India

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Fax : +91 80 6696 3333

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Fax : +1 303 301 6201

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175A Bencoolen Street
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Regional offices: Dubai | Ipswich