subex
powering the ROC

Optimising Global Telecom Business

Subex Limited
Annual Report 2015-16

2015-16 highlights (consolidated)

324.52
(₹ crore)
Revenue

65.42
(₹ crore)
EBIDTA

200+
Customer base

900+
Employees

Subex Today

Financial strength

- More than US$ 49M in Revenue
- EBITDA higher than most BSS vendors

Global presence

- Development centres in India, US and UK
- 200+ customers and 300+ installations in over 70 countries
- Customers include 39 of top 50 operators* and seven of the world's 10 largest # telecom companies worldwide

**Telecom Operators 500 2015 ; #Forbes' – The World's Largest Telecom Companies 2015*

Intellectual capital

- Prudent combination of global and local professionals
- 900+ Subexians delivering market-leading software products

Award-winning innovation

- Featured as one of the '10 companies to watch out for in 2015', Frost & Sullivan, March 2015
- Awarded GTB Innovation Award 2016 with BTC Botswana, for 2015 with Mobily and for 2014 with Telstra
- Carriers World Award 2015 for Best Security/Fraud Solution; Telecoms Award 2015
- Conferred Market Leader in Financial Assurance 2012 by Frost & Sullivan
- Pipeline Innovation Award 2016 and 2013

Rapid and far-reaching changes in the telecommunications landscape are increasing the risk of revenue leakage. Today's operators need to cope with complex network systems, converged service offerings, multiple third party partners and a rise in outsourcing, all of which creates the potential for inaccurate data capture and billing, and increased fraud. .

(Source: KPMG Global Revenue Assurance Survey)

The number of connected objects, representing the IoT ecosystem, is expected to reach 50 billion by 2020.

(Source: Cisco)

The implication is that communication service providers will need to continuously invest - 18-20% of revenues annually - in their networks.

(Source: Ovum - Communications Service Provider (CSP) Revenue & Capex Forecast: 2014-19)

The conclusion is evident. Communication service companies will need to increasingly turn to focused solution providers like Subex.

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.

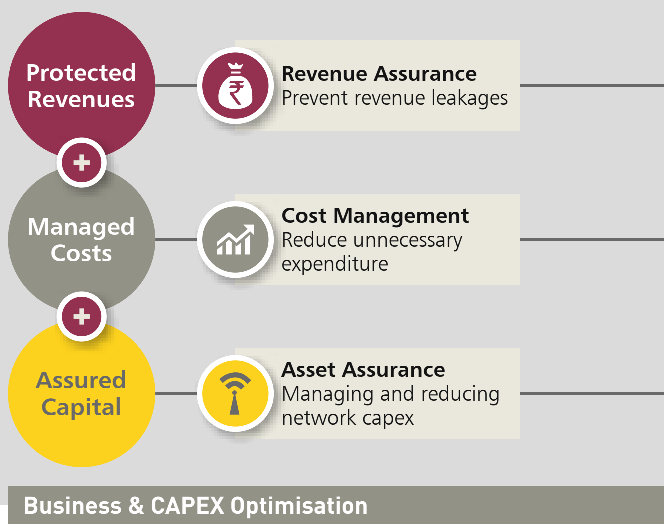
- Subex is a preferred telecom solutions provider
- Enjoying focused and specialized domain knowledge
- Mining rich data resident with telcos
- Providing Big Data analytic solutions
- Empowering telcos to embark on informed strategy
- Helping customers reduce subscriber churn and enhance user experience
- Enhancing competitiveness and taking the customer's business ahead

Contents

Background

Subex is among the leading global providers of Business and Operations Support Systems (B/OSS) that empower communications service providers (CSPs) to achieve competitive advantage through business and capex optimisation.

The distinctive Subex value proposition



Presence

Subex is headquartered in Bengaluru with global delivery centres in India, US and UK. The Company has subsidiaries at US, UK, Singapore and Sharjah apart from branches in Italy and Dubai.

Listings

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE Ltd), National Stock Exchange, London Stock Exchange and Singapore Stock Exchange. The market capitalization of the company as on March 31st 2016 was ₹ 447.50 crore.

Clientele

The Company's 200+ client base is spread across 70 countries. Subex's customers include 39 of top 50 telecom operators* and seven of the world's 10 largest# telecom companies worldwide. The company has more than 300 installations across 70 countries.

**Telecom Operators 500, 2015*

#The World's Largest Telecom Companies 2015 – Forbes

Fraud Management
Prevent losses (fraud & defaulted payments)

Credit Risk Mgmt.
Proactive risk reduction

Partner Settlement
Manage inter-carrier, partner expenses

Route Optimization
Manage and forecast network cost information

Capacity Mgmt.
Holistic view of network capacity

Data Integrity Mgmt.
Network discovery, reconciliation, analytics

Offerings

Subex provides industry-leading B/OSS solutions to leading global telecom service providers. Subex's ground-breaking ROC® (Revenue Operations Centre®) is globally respected as a sectoral game-changer.

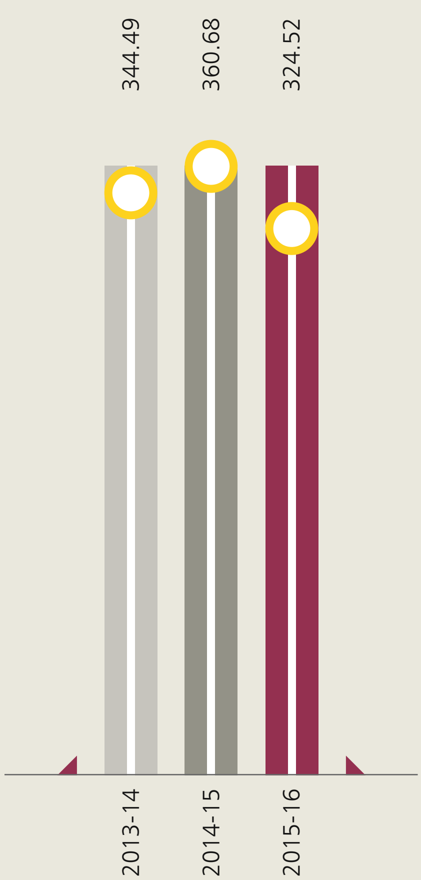
Subex is respected for its ability to provide integrated infrastructure services under one roof. The ROC® consolidates disparate operations, empowering service providers to monitor revenue chains, identify risks, enhance returns, strengthen hands-on management and minimize capital expenditure.

Achievements

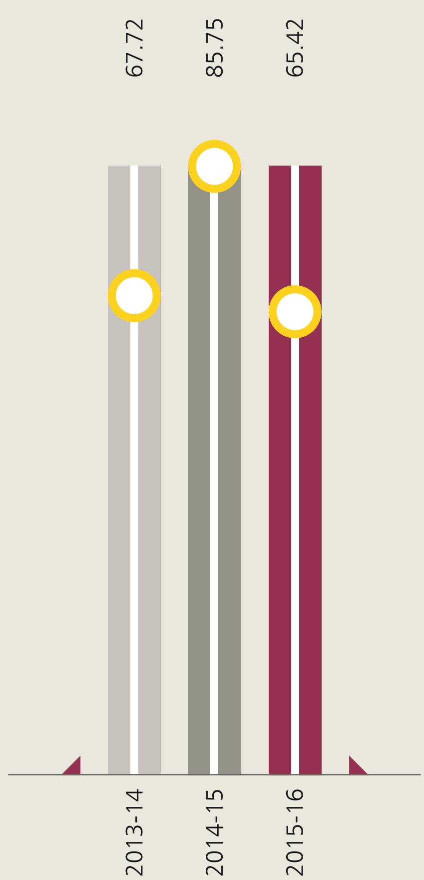
- Subex enjoys a conspicuous presence in industry forums like TM Forum, CANTO, GSC, CFCA and GSMA
- Subex was the first company to offer an integrated solution suite for revenue analytics, cost analytics and network analytics
- Subex enjoys a first-mover's advantage in the asset assurance space, making it possible to substantially moderate a customer's capital expenditure
- Subex was the first to offer a purpose-built data integrity management suite
- Subex's pioneering Revenue Operations Centre® empowers telecom service providers to coordinate operational control
- Subex was the sector's first company (in collaboration with Swisscom) to develop an operator/vendor risk-reward share model for fraud management

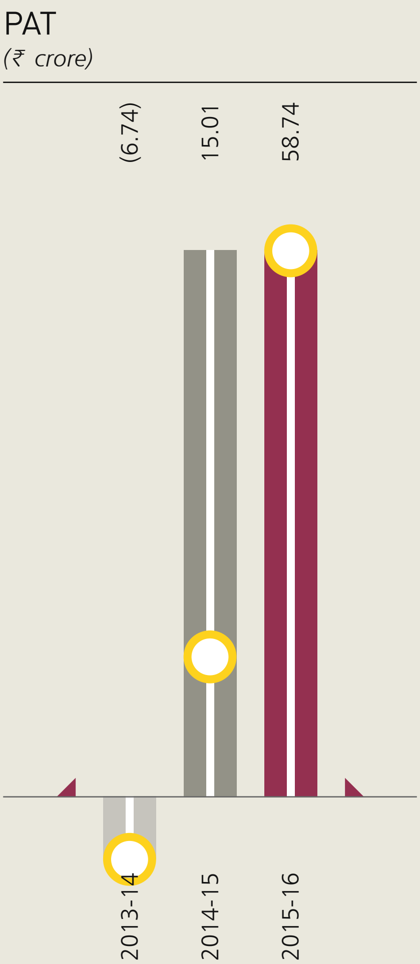
Our performance in numbers

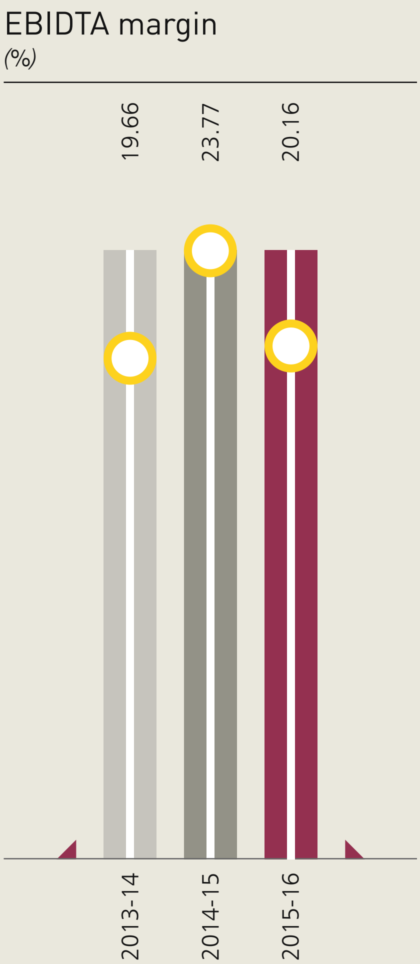
Revenues*
(₹ crore)

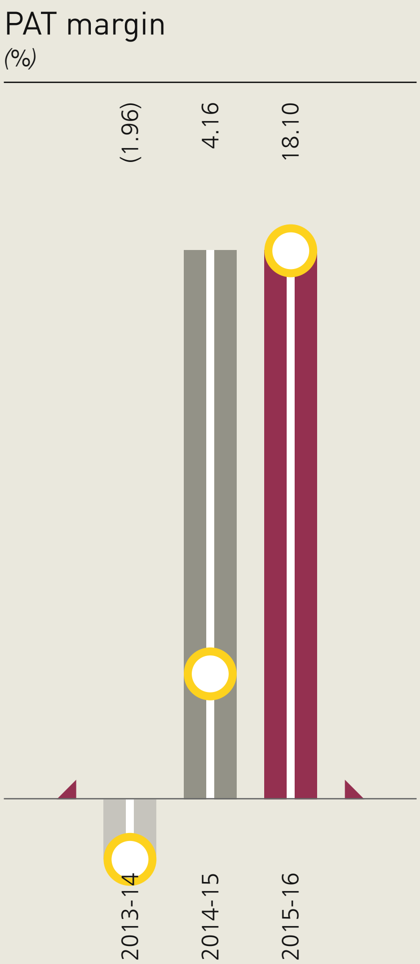


EBIDTA
(₹ crore)









* Inclusive of other income

MD and CEO's **message**

Dear Shareowners,

The global telecom industry continues to grow through customer acquisitions and new technology adoption.

The global subscriber penetration is around 63%, with regional penetration rates ranging between 43% in sub-Saharan Africa and 85% in Europe.

The global subscriber base is estimated to reach the 5.6 billion-mark by 2020, by which point over 70% of the world's population could own a mobile phone subscription.

The traction in mobile phone ownership is being catalysed by 4G, the connection base for which exceeded the 1 billion mark in 2015 across 151 countries.

Interestingly, while there has been a significant subscriber increase, there has been a decline in the average revenue per unit on account of increased competition. During the last couple of years, the entry of a number of OTT players eroded voice and text revenues of major telecom companies. There is now a premium on the need among such companies to enhance average margin per user through the optimisation of capital and operating investments.

The growing concern among telecom service providers is related to revenue leakages and the fact that ongoing network capital expenditure is affecting their business returns. Even as these returns are under evident pressure, telecom service providers are required to sustain the launch of new services, reduce time-to-market and enhance customer experience.

There is a growing recognition among telecom service providers that with the ability to pass costs on to customers through higher tariff no longer possible, there is an urgency to seek efficiencies, improvements and margins from within.

This recognition is turning the attention to specialized players like Subex, who enjoy an extensive understanding of how telecom companies work and bring that domain insight to helping clients enhance their competitiveness, share and brand.

Sectoral landscape

The overall landscape of the global telecom sector continues to be optimistic for Subex.

For one, total mobile revenues reached more than $1 trillion in 2015, an increase of 1.8% on 2014.

Sub-Saharan Africa has historically been the fastest-growing region, but annual growth there has almost halved. Europe returned to growth in 2015 after two years of decline.

The proliferation of 3G and 4G networks reflects the growing ubiquity of smartphones. Adoption reached 65% of the connection base in the developed world by end of 2015, ranging between 59% in Europe and 74% in North America. Interestingly, the developing world is not too far behind; smartphones accounted for 40% of the user base in these geographies by the end of 2015 (up from 5% in 2010).

At a consolidated level, global connections are expected to grow at an annual rate of 3.9% by 2020. In line with contemporary subscriber trends, we expect that developing countries will continue driving the growth of the global telecom sector over the next five years: an annual growth of 4.3% till 2020 (down from 7.7% during the last five years), while connections across the developed world could grow by 2% annually over the same period.

Telcos monetised data consumption surge by offering a number of bundled services. The adoption of new technologies to support data surge is expected to drive capital investments, stretching Balance Sheets even further. The result is that telcos need to find ways to improve earnings by optimising operations.

The reality is that most telecom service providers are far from achieving their desired financial targets, with as much as 30% of their costs incurred on account of reworking and over-processing. This is true not only in saturated markets such as North America, but also in emerging markets like Eastern Europe.

The bottomline is that telcos seek to moderate capital investments. Around 80% of the operator's revenues are still derived from legacy OSS/BSS systems, which continue to operate as silos, leading to massive data within the service provider's domain remaining unutilised. Consequently, a number of service providers lack visibility when it comes to enterprise-wide and subscriber-centric revenues, costs and margins. What most need is a real-time mechanism to study the impact of changes in operating parameters on their profitability.

This is where Subex comes in.

We streamline operations, minimise costs, help clients moderate capex and improve customer experience.

Over the years, our various products and solutions have demonstrated significant savings for global clients. Our analytics have helped service providers arrive at a precise understanding of 'what happened', understand 'why it happened' and forecast 'what is likely to happen' leading to enhanced value and viability.

Besides, I am pleased to state that a large proportion of our revenues continue to be derived from longstanding customers, indicating that through the value of our offerings we were able to transform one-off transactions into extended and repeat engagements. We believe that this relationship-driven model, where we acquire a deep insight into the businesses of our customers, makes it possible for us to graduate from projects to solutions and from a position where we deliver what we have been asked towards assuming a larger position of telling clients what would be holistically good for their business.

Outlook

The outlook for our business continues to be optimistic.

China is the world's largest smartphone market, India following closely. India expects to add almost half a billion new connections over five years catalysed by a growing traction for smartphones and data-intensive applications, particularly video streaming on mobile networks. The result is that data traffic is likely to explode, with volumes forecast to grow at a sharp CAGR of 49% over the next five years – a more than seven-fold increase equivalent to a global average of 7 gigabytes per subscriber per month.

In North America and Europe, subscribers on an average consume 4.4 and 1.8 gigabytes per month respectively, compared to around 0.5 gigabytes per subscriber in Africa. By 2020, the average subscriber in North America and Europe is likely to consume around 22 gigabytes and 12 gigabytes of mobile data per month respectively. By contrast, subscribers in sub-Saharan Africa could consume 3 gigabytes per month on average.

In the years ahead, the Asia Pacific and Latin American nations are expected to lead the growth and it is expected that smartphone connections will increase by 2.6 billion by 2020, a significant 90% plus coming from developing regions.

With limited scope for subscriber growth in developed markets, coupled with an increase in competition and a challenging macroeconomic climate in developing markets, growth over the next five years could be relatively modest at best - an annual average rate of just under 2% to 2020.

At Subex, we believe that growth in the telecom markets should strengthen viability and enhance cash flows that could, in turn, strengthen prospects for telecom sector-focused service provider like ours.

The message that I wish to send out is that Subex is adequately prepared. The company has built its business ground-level up and is poised to perform even better.

On behalf of the entire Subex team, I would like to thank each stakeholder for supporting us in our journey.

Regards,

Surjeet Singh,
Managing Director and Chief Executive Officer

Subex. Enriching the customer experience.
Optimising network investments.

Following the extensive use of smartphones and mobile internet growth, communication service providers now enjoy access to unprecedented data - customer profiles, device data, network data, customer usage patterns, location data, apps downloaded, clickstream data and more.

The effective management of this data mountain warrants investments. In just the last five years, global mobile operators invested more than US$880

billion with the objective to enhance capacity and implement mobile broadband networks.

For all such telecom service providers seeking attractive investment returns, there is a premium in recognising the rate of change within networks. This knowledge helps companies optimise asset investments while migrating seamlessly to new technologies or decommissioning / monetising end-of-life assets.

The need for network intelligence has not come a day too soon. A study indicates that nearly 20% of all assets fail to return even the cost of capital; around 5-15% of network assets are stranded.

Subex's ROC Asset Assurance solution addresses this reality. The solution accurately predicts customer yields, allows telcos to offer high priority customers loyalty bonuses and privileged treatment through personalised services and helps deliver better credit norms to contract subscribers.

This personalization enhances customer loyalty, which, in turn, increases revenue visibility leading to business viability.

Subex enhances customer competitiveness.

Benefits of Subex's Asset Lifecycle Management solution

- Asset management and tracking – a centralised asset repository that covers asset disposition, technical and financial details
- Optimised asset purchase leading to a 5-10% reduction in underutilised assets
- Superior audit and regulatory compliance leading to a 40-60% reduction in the need for manual audits
- 10-15% reduction in time-to-market ratios of assets
- Efficient monetization of end-of-life assets to maximize value
- Superior spare asset management
- Optimal utilisation through the reuse of stranded, unutilised and underutilised assets

Case study

US$200 million savings and counting

A North American network operator was unable to optimise network capacity utilisation even as there was a need to enhance business investments.

The company was expanding from nine states to 22.

The need of the hour was to identify and sweat stranded assets.

Subex's proprietary ROC Asset Assurance solution proved to be game-changing. The product helped identify under-leveraged assets, comprehend revenue streams and improve marketing effectiveness.

The result is that following Subex's intervention, the service provider generated sizable US$200 million savings across 2 years, transforming cash flows and right-tracking the company for solid and sustainable growth.

Subex transforms.

Subex. Enhancing service quality. Reinforcing capacity planning.

In a competitive telecom sector, service providers are required to continuously explore new revenue-enhancing opportunities even as they focus on existing B/OSS investments.

The biggest challenge encountered by telcos is their inability to monetise network traffic value without being able to access or interpret traffic data.

This shortcoming can translate into a number of downsides: the inability to customise or personalise offerings;

the inability to invest in technologies or opportunities that can generate the highest returns.

There is a growing recognition within these service providers that when it comes to graduating their business to the next growth level, knowledge is indeed power.

Subex's new generation of networks analytics tools and solutions empowers service providers to optimise network builds and upgrades, reduce outages, improve customer experience, and simplify network control and operations.

Subex anticipates network bottlenecks in a more granular and accurate manner, making to possible for service providers to plan network expansions with science, method and accuracy.

Subex enhances

Case study

The analytics journey towards long-term revenue visibility

A Tier-I Communications Service Provider (CSP) based out of North America, with annual revenue greater than US$10 billion and around 13 million customer connections, offering wireless and residential phones, internet and television services, encountered challenges to manage their network capacity and accurately predict capacity requirement.

Due to the pressure of increasing data, the operator was running out of capacity even before completing their network upgrades due to changes in consumption patterns that are not known/identified during capacity planning. As per their existing process, the CSP did not have any visibility into the 'as-is' view of their network and neither were they able to receive timely relevant data from the network related to the capacity of logical circuits. Most of their capacity decisions would take place based on incomplete view of the network, resulting in an inability to predict capacity consumption in the future. To summarize, the CSP was incurring huge costs and making incorrect decisions since they were 'operating blind'.

Subex's ROC Capacity Management solution solved these issues by getting inside the network and extracting data in near-real-time, giving the operator a view into the network 'as-is'. This extracted data was then normalized to be presented in a meaningful format across heterogeneous devices that can be easily analysed by the operator to assess the current capacity consumption and predict how long the current capacity will last based on current consumption trends.

Subex. Sealing leaks through analytics.

Fraud is probably the single biggest revenue drain in the global telecom industry.

The global fraud loss is estimated at approximately 5% of telecom revenues a year.

As operators offer new services on 4G LTE and venture into m-commerce and IoT, these risks are only likely to increase.

Following the advent of OTT vendors, competition for telcos is no longer limited to within conventional spaces.

The result is that an increasing number of telcos are seeking analytics experts to locate and eliminate fraud.

Subex's fraid management solution leverages data-mining algorithms to identify and alert telcos about suspicious behavior and probable customer fraudulence. Subex's global network of analytic experts apply a broad spectrum of analytics-based assets and market-tested approaches to locate attractive opportunities. As insights are integrated into decisions and processes, communications service providers are empowered to quicker and relevant action.

Subex has helped correlate network usage, subscriber density, traffic and location data to empower global telcos to monitor customer churn, forecast network capacity and accurately plan for potential outages.

Subex protects.

Case study

Subex saved the day

Swisscom is Switzerland's leading telecom service provider with 6.2 million mobile customers, 5 million dial-up customers and 1.9 million broadband customers.

Swisscom enjoys a pan-Switzerland presence offering a range of products and services for mobile, landline and IP-based voice and data communication.

Swisscom desired to upgrade its legacy fraud management system. After extensive evaluation, it selected Subex's ROC Fraud Management. Swisscom's senior management sought to consider a differentiated commercial model, one that added a reward element based on the extent of prevented fraud with the objective to moderate up-front capital spending.

Subex and Swisscom entered into an innovative partnership around a RRS (Risk/Reward Share) proposition to measure the Effective Fraud Loss and extrapolate the Preventable Fraud Loss.

The partnership yielded compelling benefits, the revenues generated under the 'Payments to the Vendor' head for Subex far exceeded by 'Operator Savings' for Swisscom.

Subex enriches.

The distinctive **Subex edge**

Distinctive offering

Subex's bouquet of products and services has enhanced operating efficiencies and client satisfaction, graduating it into a trusted partner for global telecom service providers.

In-depth expertise

Subex has more than 300 installations in 70 countries - spanning markets, consumer bases, networks and services. This has allowed the Company to incorporate best-in-class practices and stay ahead of competition.

Inherent flexibility

Subex provides hope to customers seeking to engage with flexible, open solution providers. Subex offers licensed solutions, software-as-a-service or end-to-end managed services compatible with service providers' existing OSS/BSS infrastructure eliminating the need for systemic overhaul.

Gamechanging identity

Subex is a proponent of evolutionary change in a sector marked by big-bang 'transformations'. The Company's objective is to help customers streamline operations, moderate and generate a higher return on capital expenditure.

Need-based solutions

Subex customers can select from a large services basket – from software license-based models to subscription-based software-as-a-services. Subex also offers turnkey operational managed services with a pay-for-performance model based on key business metrics.

Unmatched support

Subex deploys teams comprising software developers, testing engineers, release-management resources and technical support engineers with proven credentials to provide support and maintenance services.

Star Award **Winners**

Name of employee	Years
Chris Sears	40 Years
Howard Miller	30 Years
Pankaj Parmar	25 Years
Alexander Thengumpalli	15 Years
Srinivas M R	15 Years
Sanjaya G S	15 Years
Ranajit Ghanty	15 Years
Soumia Annie Jose	10 Years
Subha Chakraborty	10 Years
Subhadip Duttagupta	10 Years
Rajesh Kumar Padihary	10 Years
Premanandan K	10 Years
Vinay Rajpurohit	10 Years
Sujatha Chitti	10 Years
Tintu Joseph	10 Years
Arthur Ronald Hoglund	10 Years
Christopher Hapeman	10 Years
Madhu Packiam Duraisamy	10 Years
Ankur Singh	10 Years
Syed Afroz	7 Years
Suraj Balachandran	7 Years
Aditya Vikram Manpuria	7 Years
Arunkumar K S	7 Years
Mrutyunjaya Mandal	7 Years
Karan D	7 Years
Sumit Saurabh	7 Years
Srichand V	7 Years

Name of employee	Years
Tejas K N	7 Years
Swapna H B	7 Years
Ajitesh Srinetra	7 Years
Karthik N	7 Years
Anu Betty Jose	7 Years
Rajesh Kumar	7 Years
Revanth Sharma M	7 Years
Feeroz Alam	7 Years
Varun Prabhakara Shastry	5 Years
Anusha Chadalavada	5 Years
Shreyas Jain A	5 Years
Vineet Jain	5 Years
Niveditha Ramesh Lalge	5 Years
Ujjwal Indravadan Dave	5 Years
Arindam Sen	5 Years
Sriraman Srinivasan Iyengar	5 Years
Sivakumar Vasagar	5 Years
Bharath Hegde	5 Years
Pavan Kundgol	5 Years
Saranya P K	5 Years
Taher J Talib	5 Years
Hayssam Kanoun	5 Years
Suraj Tiwari	5 Years
Mrudula K	5 Years
Subhas Bhat	5 Years
Preetham A Naik	5 Years

Name of employee	Years
Karthik Boggaram Manjunath	5 Years
Ravi Khurana	5 Years
Sharath H V	5 Years
Mansi Chouhan	5 Years
Nishanth Sudhakara Shetty	5 Years
Hariharan Ramaraj	5 Years
Hina Parveen	5 Years
Lakshman Kumar Kakumanu	5 Years
Rahul Muraleedharan	5 Years
Ashutosh Tripathy	5 Years
Jayesh Anjaria	5 Years
Magadumsha Ali Habib Munshi	5 Years
Vijay Anand R	5 Years
Indira T M	5 Years
Rajshekar Kodavathi Thammaiah	5 Years
K Santosh Kumar Patro	5 Years

Board of **Directors**

Surjeet Singh
Managing Director & CEO

Sanjeev Aga
Independent Director

Anil Singhvi
Independent Director

Nisha Dutt
Independent Director

Priyanka Roy
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 Secretory

Mohan Sitharam
Chief People Officer

Aswin Chalapathy
Chief Technology Officer and Head of Service Delivery

David Halvorson
General Counsel

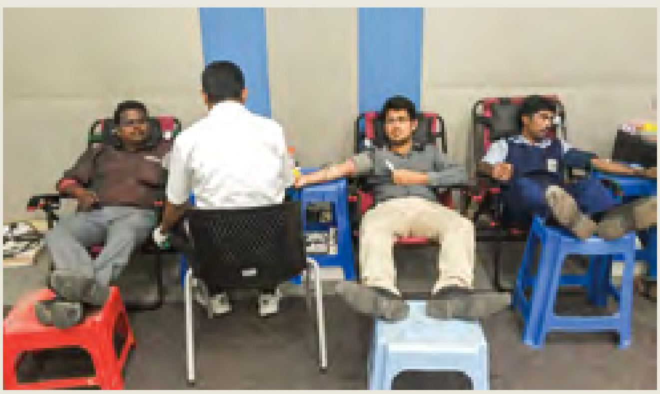
Charles E. Crenshew
Market Head - Sales and Client Relations - Americas

Subex **Charitable Trust (SCT).** Extending beyond business.

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

The Company undertook the following initiatives during 2015-16:

- Distribution of relief materials to flood-affected people in Chennai. Subex collected ₹ 86,000 to be spent on school infrastructure upgradation in Chennai
- The Trust donated ₹ 1 lakh for infrastructure upgradation of a school in Surjapura, Chennai
- Organised a blood donation camp with TTK Bank. The number of donors this year reached 121
- Provided financial aid for electricity and water bills for Prerana Resource Centre - home to more than 100+ differently-abled destitute girls and a vocational training provider
- Visited Swanthana, a centre for mentally challenged female children on Christmas day with gifts and soft toys for children
- 33 Subexians sponsored 37 economically-challenged rural area students with ₹ 2,22,340 of scholarships. Also initiated a drive to collect old clothes, toys and books, among others


Blood donation camp at Subex attracted 121 Donors


Distribution of relief materials in Chennai


Financial aid to Prerana Resource Center


Swanthana - Centre for mentally-challenged female children

Statutory **Section**

Boards' Report

Dear members

Your Directors have pleasure in presenting the 22nd Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2016.

1. FINANCIAL RESULTS

Amount in ₹ lakhs

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Continuing Operations:				
Total Revenue	32,335.47	35,983.31	29624.29	30,567.07
Profit Before Interest, Depreciation, Exceptional Items & Taxes	6,542.25	8,575.04	4716.39	2,570.76
Interest, Depreciation & Amortization	5,070.59	6,506.03	3,857.50	5,430.02
Other Income (including interest)	120.63	90.20	234.48	222.93
Profit/(Loss) before Exceptional items & tax	1,475.94	2,073.59	1,051.53	(2,685.10)
Exceptional Items	5,674.85	-	(13,712.59)	-
Profit/(Loss) before tax	7,150.79	2073.59	(12,661.06)	(2,685.10)
Provision for taxes	1,275.97	572.34	534.38	154.91
Profit/(Loss) after tax	5,874.82	1,501.25	(13,195.44)	(2,840.01)
Discontinuing Operations:				
Loss from discontinuing operations before tax	(5.23)	(474.18)	-	-
Tax expenses of discontinuing operations on ordinary activities attributable to discontinuing operations	(2.90)	5.62	-	
Loss after tax	(2.33)	(479.80)	-	-
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	5,872.49	1,021.45	(13,195.44)	(2,840.01)

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2016, the total revenue on a standalone basis was ₹ 29,624.29 lakhs as against the revenue for the previous year which was ₹ 30,567.07 lakhs. The Company has during the year under review incurred a loss of ₹ 13,195.44 lakhs as against loss of ₹ 2,840.01 lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹ 32,335.47 lakhs as against ₹ 35,983.31 lakhs during the previous year. The profit for the financial year 2015-16 was ₹ 5,872.49 lakhs as against profit of ₹ 1,021.45 lakhs in the previous year.

3. DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2015-16.

4. SHARE CAPITAL

As at March 31, 2016, the authorised share capital of the Company was ₹ 547,00,00,000 (Rupees Five Hundred and Forty Seven Crores only) divided into 54,50,40,000 (Fifty four 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, 2016, the paid-up share capital of the Company stood at ₹ 502,81,16,460 (Rupees Five Hundred and Two Crores Eighty One lakhs Sixteen Thousand and Four Hundred and Sixty only) consisting of 50,28,11,646 (Fifty Crores Twenty Eight lakhs Eleven Thousand Six Hundred and Forty Six only) equity shares of ₹ 10/- each.

5. BUSINESS

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

The Company pioneered the concept of a Revenue Operations Center (ROC®) – a centralized approach that sustains profitable growth and financial health through coordinated operational control. 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 optimisation 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 Carriers World Awards 2015 for Best Security/Fraud solution, Telecoms Award 2015 for Advances in B/OSS, Pipeline Innovation Award 2016 for Security & Assurance" and in 2013 for Business Intelligence & Analytics; Capacity Magazine Best Product/ Service Award 2013. Subex has continued to innovate with customers and have been jointly awarded the Global Telecoms Business Innovation Award in 2016 with BTC Botswana; 2015 with Mobily; in 2014 with Telstra Global; in 2012 with Idea Cellular for Managed Services and in 2011 with Swisscom for Fraud Management. It has also been conferred the 'Finance Transformation Best-in-Class Financial Solution Services' 2016 by CIMA.

Subex's customers include 39 of top 50 operators* and 7 of the world's 10 largest# telecom companies worldwide. The Company has more than 300 installations across 70 countries (*Telecom Operators 500, 2015 #The World's Largest Telecom Companies 2015 – Forbes).

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

6. SUBSIDIARIES

SUBEX TECHNOLOGIES LIMITED

For the year ended March 31, 2016, Subex Technologies Limited earned a net loss of ₹ 0.46 lakhs as against a net gain of ₹ 3.67 lakhs last year.

SUBEX (UK) LIMITED

For the year ended March 31, 2016, the Standalone income of Subex (UK) Limited was ₹ 17,004 lakhs as against ₹ 18,254 lakhs last year the loss was ₹ 5,099 lakhs as against a net profit of ₹ 1,856 lakhs last year.

Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2016, the Standalone income of Subex (Asia Pacific) Pte. Limited was ₹ 2,015 lakhs as against ₹ 2,352 lakhs last year, and the loss was ₹ 6.86 lakhs as against a net profit of ₹ 22.70 lakhs last year.

Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2016, the Standalone income of Subex Inc. was ₹ 10,630 lakhs as against ₹ 10,747 lakhs last year, and the net loss was ₹ 99 lakhs as against a net loss of ₹ 119 lakhs last year.

SUBEX AMERICAS INC.

For the year ended March 31, 2016, the standalone income of Subex Americas Inc. was ₹ 2,541.61 lakhs as against ₹ 3,894.88 lakhs last year, and Net profit was ₹ 17,388.74 lakhs as against a profit of ₹ 1,499.32 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 operations have commenced during the year 2015-16. For the year ended March 31, 2016, the standalone income of Subex Middle East (FZE) was ₹ 118.70 lakhs and net profit of ₹ 12.07 lakhs. Subex Middle East (FZE) is a direct subsidiary of Subex Limited.

7. BRANCHES

The following non-operative Branches were closed during the year.

- Subex Limited-London Branch
- Subex Limited-Denver Branch
- Subex Limited-Ontario Branch

8. FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

As on March 31, 2016, the Company had outstanding FCCBs aggregating to:

- US$ 1,000,000 under its US$ 180,000,000 2% convertible unsecured bonds ("FCCBs I") *
- US$ 1,400,000 under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II") *
- US$ 4,550,000 under its US$ 127,721,000 5.70% secured convertible bonds ("FCCBs III") #

***FCCB I & FCCB II:** The maturity period of the un-exchanged FCCBs I and FCCBs II was extended to March 2017 pursuant to the RBI Approval dated April 27, 2012 and requisite approvals under the Trust Deed of the holders of FCCB I & FCCB II.

#FCCB III:

- In July 2012, pursuant to the exchange offer of FCCBs I and FCCBs II, the Company issued FCCB III bonds with a maturity period due July 2017.
- On July 17, 2012, Principal amount of US$ 36,321,000 were mandatorily converted into equity shares at the conversion price of ₹ 22.79/-. Further, principal amounts of US$ 3,250,000 and US$ 6,620,000 were subsequently converted into equity shares during 2012-13 and 2014-15.
- Pursuant to the approval in meeting of the Board held on May 14, 2015 and the meeting of the shareholders held on June 19, 2015 as well as meeting of the Bondholders held on August 5, 2015, the conversion price of FCCB III being convertible into equity shares of the Company was reset to ₹13.00 from the previous price of ₹ 22.79.
- During the year 2015-16, US$ 6,500,000 were converted at ₹ 22.79. Further to the reset of conversion price of ₹13/- US$ 70,480,000 were converted into equity shares and US$ 4,550,000 is outstanding as on March 31, 2016.
- US$ 950,000 were converted between April 1, 2016 to date of this Report. Hence principal amount of US$ 3,600,000 of FCCB III are outstanding as on the date of this report.

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 120,000 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 has been 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 was 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 241,012 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.

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

EMPLOYEE STOCK OPTION PLAN-2008 (ESOP-IV)

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

The Compensation Committee (now with nomenclature "ESOPS 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, 2016 is given as "Annexure A" to this report.

9. 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 note 30 to the Financial Statements.

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

Principal amount of US$ 950,000 under the Company's US$ 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, 2016 and the date of this report. As such principal amount of US$ 3,600,000 of FCCB III are outstanding as on the date of this report.

11. 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, Schedule V of the SEBI (Lisging Obligations and Disclosure Requrements) Regulations, 2015 as amended from time to time. The Auditor's certificate on compliance with Schedule V of the SEBI (LODR), Regulations 2015, 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.

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

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

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on August 26, 2015 appointed Ms. Priyanka Roy as an additional Independent Director for a tenure of five years subject to the approval of the shareholders at the 22nd Annual General Meeting. The Company has received a notice from a shareholder proposing the appointment of Ms. Priyanka Roy.

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

BOARD MEETINGS

During the year, 7 Board Meetings were convened and held.

The intervening gap between the meetings was within the period prescribed under the Companies Act 2013. The dates on which meetings were held are as follows:

1. April 28, 2015
2. May 14, 2015
3. August 12, 2015
4. August 26, 2015
5. November 02, 2015
6. February 10, 2016
7. March 28, 2016

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

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act 2013 and Regulation 17 (10) of the SEBI (LODR) Regulations, 2015 the Board at its meeting held on February 10, 2016 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".

13. AUDIT COMMITTEE

The Audit Committee presently has 3 Directors as its member's *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/ Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

14. AUDITORS

STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (Firm Registration Number 101049W/E300004), the Statutory Auditors of the Company were appointed for a term of 5 years in the AGM held on 19th June 2015. The Auditors have given Audit Report for the financial year 2015-16, commenting on the 'material weakness' pertaining to ICFR and the delays in remittance of withholding tax.

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

SECRETARIAL AUDITORS

Pursuant to the provisions of section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as "Annexure B". The Secretarial Auditors have given an unqualified report for the financial year 2015-16.

15. RESPONSE ON THE AUDIT OBSERVATIONS

The Auditors in their report have commented on the "material weakness" pertaining to ICFR and the delays in remmitance of with holding tax. It is pertinent to note that the Accounts Receivables and payables were lying dormant for more than three years and the Company has taken the necessary steps for writing down the said receivables to the extent permissible, apart from provisioning for the doubtful amounts to the extent considered expedient. It has further approached the Regulators for permission to net-off the old receivables against the payables attributable to the same entity.

On the observation with respect to delays in payment of withholding taxes, the management had a different interpretation of statute which resulted in the same. Definitive measures have already been taken to amend the same.

16. 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".

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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 2015-16 total foreign exchange inflow and outflow is as follows:

i) Foreign Exchange earnings ₹ 27,794.14 lakhs (Previous Year ₹ 29,451.56 lakhs)

ii) Foreign Exchange outgo ₹ 4,746.30 lakhs (Previous Year ₹ 17,093.45 lakhs)

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

18. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for education of economically challenged meritorious students, conducted blood donation camps, donated clothes and toys to children, provided financial aid by way of payment of the water and electricity bills of a Centre which provides vocational training to destitute girls. Financial aid was also provided for the upgradation of the infrastructure of schools, particularly those effected by the Chennai floods. A gist of activities undertaken by the Trust has been provided as a separate section in this Annual Report.

19. IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risk which might impact the operations and on a more serious level also threaten the existence of the Company. Risks are assessed department wise such as financial risks, information technology related risks, legal risks, accounting fraud, etc. The 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.

20. HUMAN RESOURCE MANAGEMENT

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

21. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

Such internal financial controls were found to be adequate for a Company of this size. However, with regard to the old Accounts receivables and payables due for over three years, the Company has taken adequate measures to write-off, provisioning and also applied to the Authorities for net-off within the legally permissible limits. Notwithstanding this, other controls are largely operating effectively since there has not been identification of any major material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (f) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India.

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

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

Subex has been certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). The Company being in the IT space conducts internal audits of Information Security, Quality Management System twice a year covering projects and functional groups. Internal audits of such nature are conducted across all locations of Bengaluru, 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.

22. 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 2015-16.

23. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

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

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

24. DECLARATION FROM INDEPENDENT DIRECTORS

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

25. 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 has any pecuniary relationships of transactions *vis-à-vis* the Company.

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

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

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

27. 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".

28. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2015-16 to National Stock Exchange of India Ltd. ('NSE') and BSE Ltd. ('BSE') where the Company's shares are listed. The Company has also entered into new Listing Agreements with BSE & NSE in Compliance with Regulation 109 of SEBI (LODR) Regulations, 2015

During the year, BSE Limited imposed a fine on the Company under Clause 31 of the Listing Agreement for delay in submission to the exchange, the Annual Report for 2014-15. The exchange directed the Company to pay an amount of ₹ 18,240/- towards fine for late submission to conclude the issue. Except the above neither any fine, penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the financial year ended March 31, 2016, 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, 2016 and of the profit/ 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, 2016 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, subject to material weaknesses with respect to inter-company receivables/payables;

f) That systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

30. APPRECIATION/ACKNOWLEDGEMENTS

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

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

For Subex Limited

Anil Singhvi	**Surjeet Singh**
Director	**Managing Director & CEO**
DIN:00239589	**DIN:05278780**
Mumbai, India	
August 9, 2016	

Annexure - A

Additional Information as at March 31, 2016 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, 2016	2,37,703	1,57,418	1,30,500
	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, 2016	0	1,26,429	1,30,500
4.	Options exercised as on March 31, 2016	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, 2016	9,98,869	56,81,500	22,03,037
	Options lapsed/cancelled/ surrendered during the year	1,925	5,96,093	3,44,510
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;	-	-	-

Sl. No.	Particulars	ESOP 2000	ESOP 2005	ESOP 2008
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'	-	(4.52)	(4.52)
12.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company is:	-	-	-
13.	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. (as per note 35 of standalone financials)	Weighted-average exercise price (range) is ₹ Nil	Weighted-average exercise price (range) is ₹ 10.26 - ₹ 73.90	Weighted-average exercise price (range) is ₹ 28.44 - ₹ 53.54
14.	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information : i. risk-free interest rate ii. expected life iii. expected volatility iv. expected dividends v. market price on grant date	Refer Note 35 in Standalone Financial Statements		

For Subex Limited

Anil Singhvi
Director
DIN:00239589
Mumbai, India
August 9, 2016

Surjeet Singh
Managing Director & CEO
DIN:05278780

Annexure - B

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2016

To,
The Members,
SUBEX LIMITED

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2016 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

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

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

(a) Information Technology Act, 2000 and the rules made thereunder

(b) Special Economic Zones Act, 2005 and the rules made thereunder

(c) Copy Right Act, 1957

(d) The Patents Act, 1970

(e) The Trade Marks Act, 1999

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

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements (till November 30, 2015) entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016).

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

Without qualifying our report, we state that there was a delay of 16 days in submission of Annual Report with Form A for the year ended March 31, 2015 to BSE and NSE under Clause 31 of the Listing Agreement and the fine of ₹ 18,240/- was paid by the Company to BSE in this regard.

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

WE FURTHER REPORT THAT:

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

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

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

We further report that based on the review of the compliance mechanism adopted by the Company through providing adequate presentations by the concerned departments' heads regarding compliance with the applicable laws and its adherence which were taken on record by the Board of Directors, 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, except for the increase in authorized capital from ₹ 497 Crores to ₹ 547 Crores and the limits on borrowing to the extent of ₹ 850 Crores, both of which were approved by means of special resolutions at the Annual General Meeting of the Company held on June 19, 2015, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

Bengaluru
May 06, 2016
For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP No. 7835

Annexure - C

PARTICULARS OF EMPLOYEES

Particulars	Mr. Sekharan Y Menon*	Mr. Vinod Kumar Padmanabhan
Designation of the employee	Chief People & Admin Officer	Chief Operating Officer
Remuneration received	₹ 17,67,101	₹ 1,27,21,362
Nature of employment, whether contractual or otherwise	Permanent	Permanent
Qualifications and experience of the employee	PGISB 30 Yrs	B.Tech 26 Yrs
Date of commencement of employment	Sep 1, 1996	Oct 15, 1997
The age of such employee	48 Yrs	46 Yrs
The last employment held by such employee before joining the Company	Yokogawa Blue Star	Crompton Greaves
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%
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

*Mr. Sekharan Y Menon resigned from the post of Chief People & Admin Officer during the year and was an employee of the Company till the 30th of April 2015.

Annexure - D

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016
[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, Bengaluru-560103
vi)	Whether listed Company (Yes / No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	CANBANK COMPUTER SERVICES LIMITED J P Royale,1st Floor, No.218 2nd Main, Sampige Road (Near 14th Cross), Malleswaram Bengaluru – 560 003

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1.	Implementation and customisation	-	11.90
2.	Support Services	-	13.05
3.	Managed Services	-	14.29
4.	Sub contracting	-	54.98

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Subex Technologies Limited	U74140KA2005PLC035905	Subsidiary	100	2 (87)
2.	Subex Americas Inc.	Foreign Company	Subsidiary	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)
7.	Subex Middle East (FZE)	Foreign Company	Subsidiary	100	2 (87)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,52,844	-	4,52,844	1.77	4,52,844	-	4,52,844	0.09	-1.68
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	2.11	5,21,200	-	5,21,200	0.10	- 2.01
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**9,74,044**	**-**	**9,74,044**	**3.88**	**9,74,044**	**-**	**9,74,044**	**0.19**	**-3.69**
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**9,74,044**	**-**	**9,74,044**	**3.88**	**9,74,044**	**-**	**9,74,044**	**0.19**	**-3.69**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	3,46,001	-	3,46,001	0.19	32,74,345	-	32,74,345	0.65	0.46
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.05	78,764	-	78,764	0.02	-0.03
g) FIIs	94,000	-	94,000	0.06	9,75,257	-	9,75,257	0.19	0.13
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**5,18,765**	**-**	**5,18,765**	**0.11**	**43,28,366**		**43,28,366**	**0.86**	**0.75**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	2,05,77,369	400	2,05,76,969	12.16	9,59,94,040	400	9,59,93,640	19.09	6.93
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	4,35,08,106	48783	4,34,59,323	22	11,36,85,383	48883	11,36,36,500	23.78	1.78
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,25,16,455	-	4,25,16,455	19.20	15,94,76,335	-	15,94,76,335	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	-	2,48,600	-	2,48,600	0.05	0.05
Director & their relatives	60,000	-	60,000	0.04	60,000	-	60,000	0.01	-0.03
Foreign Nationals	83,852		83,852	0.06	87,352	-	87,352	0.02	-0.04
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non Resident Indians	21,75,289	-	21,75,289	0.92	68,39,809	-	68,39,809	1.36	0.44
O C Bs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	8,12,368	-	8,12,368	0.29	79,63,057	-	79,63,057	1.58	1.29
Shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	45,99,199	-	45,99,199	1.76	1,75,64,643	-	1,75,64,643	3.49	1.73
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	6,62,17,987	-	6,62,17,987	38.22	9,44,12,312	-	9,44,12,312	18.78	-19.44
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	6,32,834	1670	6,31,164	0.28	9,34,498	-	9,32,828	0.19	-0.09
Sub-Total(B)(2)	18,11,35,706	50,853	18,11,86,559	94.93	41,62,02,603	50,953	41,61,51,650	98.69	-1.43
Total Public Shareholding (B)=(B)(1)+ (B)(2)	18,16,54,471	50,853	18,17,05,324	95.04	42,05,30,969	50,953	42,04,80,016		
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	1.08	2,43,207	-	2,43,207	0.05	-1.03
Grand Total (A+B+C)	18,28,71,722	50,853	18,29,22,575	100	50,28,11,646	50,953	50,27,60,693	100	-

ii. Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Kivar Holdings Private Limited	5,21,200	0.28	5,21,200	5,21,200	0.10	5,21,200	-0.18
2.	Subash Menon	80,601	0.04	80,601	80,601	0.02	80,601	-0.02
3.	Sudeesh Yezhuvath	3,72,243	0.20	3,72,243	3,72,243	0.07	3,72,243	-0.13

*The reduction in the percentage of shareholding of Promoters is due to the increase in the paid-up capital of the Company on the conversion of FCCB III. During the year under review, there has not been a change in the number of shares held by the Promoters of the Company

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

Sl. No.	Shareholder's name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Kivar Holdings Private Limited	5,21,200	0.29	5,21,200	0.10
2.	Subash Menon	80,601	0.04	80,601	0.02
3.	Sudeesh Yezhuvath	3,72,243	0.20	3,72,243	0.07
	There is no change in shareholding as at the end of the year, the % of total shares have reduced due to increase in total share capital of the Company.				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	QVT Mauritius West Fund & Quintessence Mauritius West Fund	1,33,47,888	7.36	3,58,29,909	7.13
2.	Deutsche Bank AG London-CB Account	1,08,92,721	6.01	2,15,59,422	4.29
3.	Goldman Sachs Investments (Mauritius) I Limited-FCCB	0	0	1,20,73,276	2.4
4.	AKG Finvest Limited	7,35,940	0.40	1,12,97,000	2.68
5.	Barclays Capital Securities Limited	0	0	86,23,769	1.72
6.	Merrill Lynch Capital Markets Espana SA SV	1,01,92,621	5.62	43,11,884	0.86
7.	Goenka Sec. Private Limited	0	0	31,50,000	0.63
8.	Uno Metals Limited	31,00,000	1.69	27,25,000	0.54
9.	Angel Fincap Private Limited	7,62,680	0.42	26,50,793	0.53
10.	Vishanji Shamji Dedhia	19,00,000	1.04	25,00,000	0.5

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Surjeet Singh	NIL	N.A	-	-
2.	Anil Singhvi	60,000	0.03	60,000	0.01
3.	Sanjeev Aga	NIL	N.A	-	-
4.	Karthikeyan Muthuswamy (Resigned w.e.f 19/05/2015)	NIL	N.A	-	-
5.	Subash Menon (Vacated office under Section 167 (1) (b) w.e.f 14/05/2015)	80,601	0.04	80,601	0.02
6.	Nisha Dutt	N.A	N.A	-	-
7.	Ganesh KV	NIL	N.A	-	-
	At the End of the year	-	-	-	-
	There is no change in shareholding as at the end of the year				

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	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**
Change in Indebtedness during the financial year				
• Reduction (In interest accrued)	(7,851.97)*	-	-	(7,851.97)
• Addition/Reduction (In principal amount)	(50,052.45)	90.12	-	(49.962.33)
Net Change	(57,904.42)	90.12	-	(57,814.30)
Indebtedness at the end financial year				
i) Principal Amount	13,410.26	1,590.20#	-	15,000.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	655.17*	-	-	655.17
Total (i+ii+iii)	**17,079.95**	**1,590.20**	-	**5,259.89**

(*The amounts are for both the Secured (FCCB's III) & Unsecured (FCCB's I & II) Loans).
(#The increase is due to restatement of loan)

VI. other REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Surjeet Singh, Managing Director & CEO	Total Amount
1.	Gross salary	(In ₹ lakhs)	(In ₹ lakhs)
	(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.26	16.26
	(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	-	-
5	Others, please specify	-	-
	- Others, specify…	-	-
	Total	-	**16.26**
	Ceiling as per the Act	1.31 crores p.a as per Section II of Part II of Schedule V of the Act	1.31 Crores.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				
		Sanjeev Aga	Anil Singhvi	Nisha Dutt	Priyanka Roy	Total Amount
1.	Independent Directors	(In ₹)	(In ₹)	(In ₹)	(In ₹)	
	Fee for attending board/ committee meetings	22,50,000	22,50,000	6,00,000	3,00,000	54,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	**22,50,000**	**22,50,000**	**6,00,000**	**3,00,000**	**54,00,000**
	Other Non-Executive Directors	N.A		N.A	-	-
	Fee for attending board/ committee meetings	-		-	-	-
	Commission	-		-	-	-
	Others, please specify	-		-	-	-
	Total (2)	-		-	-	-
	Total (B)=(1+2)	-		-	-	-
	Total Managerial Remuneration	-		-	-	-
	Overall Ceiling as per the Act	24,00,000 [₹ 1,00,000 per meeting for 24 meetings in FY 2015-16]		10,00,000 [₹ 1,00,000 per meeting for 10 meetings in FY 2015-16]	3,00,000 [₹ 1,00,000 per meeting for 3 meetings in FY 2015-16]	-

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Ganesh K V, Chief Financial Officer & Company Secretary	Total Amount
1.	Gross salary	(In ₹)	(In ₹)
	(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,39,666	66,39,666
	(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)	-	1,00,112
	Total (1+2+3+4+5)	-	67,39,778/-
	Ceiling as per the Act	Not applicable	

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

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

Annexure - E

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

A. Criteria for Appointment of Non-Executive Directors & Independent Directors

a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.

b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee ("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 and Commission, 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 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 arm's 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)

Form shall be signed by the persons who have signed the Board's report.

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	
2.	Nature of contracts/ arrangement/ transactions	
3.	Duration of the contracts/ arrangements/ transactions	
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions	
6.	Date(s) of approval by the Board	
7.	Amount paid as advances, if any:	
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2.	Details of material contracts or arrangement or transactions at arm's length basis	
	(a) Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited (b) Subex (UK) Limited (c) Subex Americas Inc. (d) Subex (Asia Pacific) Pte Limited (e) Subex Inc. (f) Subex Middle East (FZE) (All the aforementioned entities are wholly owned subsidiaries of Subex Limited)
	(b) Nature of contracts/ arrangements/ transactions	**A. Sub-Contracting Transactions** Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Americas Inc. Subex Inc. Subex Middle East (FZE) **B. Marketing & Allied Services Expense Transactions** Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Americas Inc. Subex Inc. Subex Middle East (FZE) **C. Interest Income** Subex Americas Inc. **D. Reimbursement of expenses** Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Americas Inc. Subex Inc. Subex Middle East (FZE)
	(c) Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	**A. Sub-Contracting Transactions** The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company **B. Marketing & Allied Services Expense Transactions** The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company **C. Interest Income** The ultimate holding Company charges interest on loan given to its subsidiaries **D. Reimbursement of expenses** Group entities incur cost on behalf of other entities for administrative convenience, which is then cross charged to respective entity on cost-to-cost basis.
	(e) Date(s) of approval by the Board, if any:	May 14, 2015 and February 10, 2016 (ratification)
	(f) Amount paid as advances, if any:	NA

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;	Nil
(iii) the percentage increase in the median remuneration of employees in the financial year;	6.97%
(iv) the number of permanent employees on the rolls of Company;	774
(v) 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.
(vi) 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 6.90% while there was no increase for managerial personnel. Variable pay constitutes an integral part of the remuneration of mainly the managerial personnel of the Company which is not the case for other employees. The increase in managerial remuneration was mainly on account of payment of variable pay which was directly related to the performance of the individual contributing to the performance of the Company, measured in predetermined yardsticks.
(vii) the key parameters for any variable component of remuneration availed by the directors;	Not Applicable
(viii) 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 the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

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

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

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

Subex is committed to good Corporate Governance practices. Consistent with this commitment, Subex seeks to achieve a high level of responsibility and accountability in its internal systems and policies. Subex respects the inalienable rights of the shareholders to information on the performance of the Company. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

II. BOARD OF DIRECTORS

As on March 31, 2016, the Board of Directors of Subex Limited comprises 5 directors out of which 1 is an executive director and 4 are independent directors.

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, 2016 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, 2016

Category	No. of Directors	%
Independent Directors	4	80.00
Executive Directors	1	20.00
Total	**5**	**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, 2016

Director	Position	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. Of Directorships In Other Listed Entities Including This Entity▲ (As Per Reg. 25(1) of The SEBI (LODR) Regulations, 2015)	No. Of Board/ Committees In Which The Director Is Chairman■	No. Of Board /Committees In Which The Director Is Member■
Mr. Surjeet Singh	Managing Director and Chief Executive Officer	7	5	Yes	N.A.	-	2
Mr. Anil Singhvi	Independent Director	7	7	No	2	3	5
Mr. Sanjeev Aga	Independent Director	7	7	Yes	4	3	7
Mr. Karthikeyan Muthuswamy#	Nominee Director	2	-	-	2	-	2
Ms. Nisha Dutt	Independent Director	7	4	Yes	2	-	-
Ms. Priyanka Roy*	Independent Director	3	3	-	1	-	-

▲ Excluding private limited companies & overseas companies.

■ Includes only Audit Committee and Stakeholders Relationship Committee in line with Regulation 26(1) of SEBI (LODR), 2015. Memberships in Committees of Subex Limited are included.

Mr. Karthikeyan Muthuswamy was nominated by the Foreign Currency Convertible Bonds (FCCB's) Holders and resigned from Directorship on May 19, 2015.

* Ms. Priyanka Roy was appointed by the Board of Directors as an Additional Independent Director at their meeting held on August 26, 2015.

C. Number and Dates of Board Meetings

7 (Seven) Board meetings were held during the financial year 2015-16. The dates on which meetings were held are as follows:

1. April 28, 2015
2. May 14, 2015
3. August 12, 2015
4. August 26, 2015
5. November 02, 2015
6. February 10, 2016
7. March 28, 2016

There are no inter se relationships between the Board members.

D. Details of Shareholding of Non- Executive Directors:

In terms of Regulation 36 (3) (e) of the SEBI (LODR) Regulations, 2015, the details of shares held by Non- Executive Directors are as under:

Name	No. of Shares Held as at March 31, 2016
Mr. Anil Singhvi	60,000
Mr. Sanjeev Aga	NIL
Ms. Nisha Dutt	NIL
Ms. Priyanka Roy	NIL

E. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide Independent Directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments so as to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under The Companies Act, 2013 and other statutes. The details of the familiarization programme imparted to Independent Directors during the year is available on the following link http://www.subex.com/corporate-governance/

III. AUDIT COMMITTEE

A. Terms of Reference

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

- Overseeing 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 and operating 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 controls, risk management system and Whistle Blower mechanism
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate

The current charter of the Audit Committee is in line with provisions of The Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and 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 The Committee as at March 31, 2016

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.

A. Meetings and Attendance during the Year

During the financial year 2015-16, four Audit Committee meetings were held on May 14, 2015, August 12, 2015, November 02, 2015, and February 10, 2016. The results for the quarter and year ended March 2015, quarterly results for April-June 2015, July-September 2015 and October-December 2015 were taken on record on May 14,2015, August 12, 2015, November 02, 2015, and February 10, 2016 respectively.

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, Chartered Accountants have attended the Audit Committee Meeting held on May 14, 2015.

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

The Internal Auditors of the Company attended the meetings of the Audit Committee held on May 14, 2015, August 12, 2015 and November 02, 2015.

IV. NOMINATION AND REMUNERATION COMMITTEE

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 part of Remuneration Policy, the recommendation of appointment of directors, including Managing Director and Whole Time Director by whatever name called by the Company.

A. Composition of the Committee as at March 31, 2016.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Sanjeev Aga	Independent Director
Ms. Nisha Dutt	Independent Director

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

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

The sitting fees payable to Directors for the Board and Audit Committee Meetings was increased to ₹ 1,00,000 from ₹ 50,000 and the sitting fees payable to Directors for Meetings of other Committees of the Board was increased to ₹ 50,000 from ₹ 25,000 *vide* Board Resolution dated 28 April, 2015.

The Sitting fees payable to Directors for Meetings of other Committees of the Board was further increased to ₹ 1,00,000 from ₹ 50,000 *vide* Board Resolution dated 12 August, 2015.

The Nomination and Remuneration Committee determines and recommends to the Board, the compensation payable to the Executive Directors. All Board level compensation is approved by the shareholders, where necessary, and is separately disclosed in the financial statements. The compensation, however, is within the parameters set by the provisions of The Companies Act, 2013 and rules made thereunder.

Details of remuneration paid to the directors are as follows:

(in lakhs)

Name	Sitting fees	Salary and perquisites	Commission
Mr. Sanjeev Aga	22.5	-	-
Ms. Nisha Dutt	6	-	-
Mr. Anil Singhvi	22.5	-	-
Ms. Priyanka Roy	3	-	-
Mr. Surjeet Singh*	-	16.26	-

*Benefits Provided to Mr. Surjeet Singh:

a. **Medical Reimbursement:** Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or aboard, for self and 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.

c. **Taxes:** All taxes, duties, levies, surcharge etc. shall be borne solely by him.

d. **Expenses:** Reimbursement of all reasonable travelling, entertainment and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in the proper performance of his duties and responsibilities. He shall be entitled to travel business class on all Company related travel which involves travel of more than five hours at any time.

e. **Leave:** casual/sick leave and holidays as per the policy of the Company

f. **Termination:**

   i. The Company or Mr. Surjeet Singh may terminate the agreement giving either party notice in writing of 90 (Ninety) days.

   ii. If the employment of Mr. Surjeet Singh is terminated by the Company, without cause, before the expiry of 1 (One) year from the Appointment Date, he shall be entitled to receive from the Company, compensation, being rupee equivalent of USD 25,000 subject to usual statutory and other deductions.

He does not hold any stock options in the Company

A. Meetings and Attendance during the Year

During the financial year 2015-16, four Nomination and Remuneration Committee meetings were held on May 14, 2015, August 12, 2015, August 26, 2015, and February 10, 2016.

At its meeting held on 12th August, 2015, the Committee approved the terms and conditions of the re-appointment and remuneration of Mr. Surjeet Singh for the period from October 5, 2015 to October 4, 2016, which was placed before the Members for their approval at the Postal Ballot conducted between November 9- December 8, 2015 and the same was approved by the majority of the Members.

Member	No. of Nomination and Remuneration Committee Meetings Held	No. of Nomination and Remuneration Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Sanjeev Aga	4	4
Ms. Nisha Dutt*	4	1

*Ms. Nisha Dutt was appointed as a member of the Nomination and Remuneration Committee w.e.f. May 19, 2015.

D. Performance Evaluation

Pursuant to the provisions of The Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of all the Committees of the Board. 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 Non Independent Directors was carried out by the Independent Directors, The Directors expressed their satisfaction with the evaluation process.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

A. Composition of The Committee as at March 31, 2016

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

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

B. Meetings and Attendance during the Year

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

During the financial year 2015-16, four Stakeholders Relationship Committee meetings were held on May 14, 2015, August 12, 2015, November 02, 2015, and February 10, 2016.

VI. ESOP COMMITTEE (Compensation Committee)

The Company has instituted Employee Stock Option Schemes in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee grants and administers options under the stock options schemes to eligible employees.

A. Composition of The Committee as at March 31, 2016

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

B. Meetings and Attendance during the Year

The Committee administers the ESOP schemes of the Company by passing resolutions by circulation whenever necessary. These resolutions are tabled before the Board of Directors at their respective meetings which is noted. The committee did not meet in the financial year 2015-16.

VII. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

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

i. formulate and recommend to the Board of Directors of the Company, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013

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

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

A. Composition of The Committee as at March 31, 2016

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

B. Meetings and Attendance during the Year

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

During the financial year 2015-16, four CSR Committee meetings were held on May 14, 2015, August 12, 2015, November 02, 2015, and February 10, 2016.

VIII. RISK MANAGEMENT COMMITTEE

To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities it has constituted a Risk Management Committee to review the Internal Financial Controls amongst other matters. The said committee has also within its scope, evaluation of significant risk exposures of the Company and to assess Management's actions to mitigate the exposures in a timely manner. The Company considers activities at all levels of the organization, Enterprise level, Division level, Business Unit level and Subsidiary level in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements i.e. Risk Assessment, Risk Management and Risk Monitoring.

A. Composition of The Committee as at March 31, 2016

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

A. Meetings and Attendance during the Year

Member	No. of Risk Management Committee Meetings Held	No. of Risk Management Committee Meetings Attended
Mr. Anil Singhvi	1	1
Mr. Sanjeev Aga	1	1
Mr. Surjeet Singh	1	1
Mr. Vinod Kumar Padmanabhan	1	1

During the financial year 2015-16, one Risk Management Committee meeting was held on February 10, 2016.

IX. INDEPENDENT DIRECTOR

During the year under review, the Independent Directors met on February 10, 2016, inter alia, to:

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

X. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

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

E-mail: whistleblower@subex.com

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

XI. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2012-13	August 14, 2013	Hotel Lalit Ashok, Bengaluru	2:00 PM
2013-14	August 14, 2014	Registered office	1:00 PM
2014-15	June 19, 2015	Registered office	1.00 PM

Details of the Special Resolutions passed at the Last Three AGMs

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining too
August 14, 2013	1	Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 5, 2012 to October 4, 2013
August 14, 2014	3	• Re- 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 • Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of one year • Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of one year
June 19, 2015	7	• Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 5, 2014 to October 4, 2015 • Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of five years • Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of five years, • Issuance of shares pursuant to reset of Conversion Price of FCCB's, • Increase in Authorised Share Capital of the Company • Alteration of Capital Clause contained in the Memorandum of Association and • Approval of Borrowing limits of the Company.

A. 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

A. Postal Ballot during year 2015-16

Pursuant to the provisions of Section 110 and other applicable provisions, if any, of The Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to other applicable laws and regulations, the resolutions for Re-appointment of Mr. Surjeet Singh as Managing Director and CEO of the Company and Creation of charge on the assets of the Company were passed as Special Resolutions by the Members through physical postal ballot / electronic remote e-voting. The notice of the Postal Ballot dated November 2, 2015 was dispatched to the members on November 6, 2015 and the Postal Ballot was held between November 09, 2015 - December 08, 2015.

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

Mr. Biswajit Ghosh, Partner, HBP & Co, Practicing Company Secretaries was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot submitted the consolidated voting results on the resolutions to Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary declared that both the resolutions were passed with requisite majority as stated in the table below:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1	Re-appointment of Mr. Surjeet Singh as Managing Director and CEO of the Company	1,82,95,718	1,82,51,524	44,194	99.758	Approved
2	Creation of Charge on assets of the Company	1,82,87,430	1,81,95,540	91,890	99.498	Approved

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

XII. SUBSIDIARY COMPANIES

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

The Annual financial statements of material subsidiaries are tabled before the Audit committee and Board meetings.

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under The Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of The Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the note 30 to the Stand Alone and Note 28 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, Ms. Nisha Dutt and Ms. Priyanka Roy.

B. INSIDER TRADING

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Compliance officer is responsible for implementation of the Code.

C. FINES

During the year, BSE Limited imposed a fine on the Company under Clause 31 of the Listing Agreement for delay in submission to the exchange, the annual report for 2014-15. The exchange directed the Company to pay an amount of ₹ 18,240/- towards fine for late submission to conclude the issue. Except the above neither any fine, penalty nor any stricture has been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

D. CEO/CFO CERTIFICATION

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

E. CODE OF CONDUCT

In compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015, the Company has adopted a Code of Conduct (the 'Code'). This Code is applicable to the Members of the Board, Senior Management Personnel and all employees of the Company and Subsidiaries. The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings 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.

During the Financial Year under review, SEBI revised the regulations pertaining to Prohibition of Insider Trading and notified the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations 2015. In accordance with the revised regulations, the Company has, *inter alia,* adopted a Code of Conduct duly approved by the Board of Directors in its meeting held on May 14, 2015 and the Code came into force with effect from May 15, 2015. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31st, 2016. 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

XIV. 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/Udayavani (Kannada). The complete financial statements are posted on the Company's website www.subex.com. Subex also regularly provides information to the Stock Exchanges as per the requirements of the Listing Agreements/ SEBI (LODR) Regulations, 2015 and updates the website periodically to include information on new developments and business opportunities.

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

XV. Management's Discussion and Analysis

This has been separately dealt with in the Annual Report.

XVI. General Shareholder information

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

XVII. Practising Company Secretaries Certificate

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

XVIII. Compliance with Discretionary requirements provided under Part E of Schedule II of the SEBI (LODR) Regulations, 2015

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

A. The Board

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. Shareholders' Rights

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

C. Audit Qualifications

The Auditors in their Report have commented on the "Material Weakness" pertaining to ICFR and the delays in payment of withholding taxes. The same has been discussed in Para 15 of Board's Report.

D. Separate Posts of Chairperson and Chief Executive officer

Presently the Company does not have a Chairman and as such disclosures on maintenance of Separate Posts of Chairperson and Chief Executive officer does not arise.

E. Reporting of Internal Auditor

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

For Subex Limited

Anil Singhvi	Surjeet Singh
Director	Managing Director & CEO
DIN:00239589	DIN:05278780
Mumbai, India	
August 9, 2016	

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

To,

The Members of Subex Limited

In accordance with Clause D of Schedule V of the SEBI (LODR) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended March 31, 2016.

For **Subex Limited**

Place: Mumbai
Date: August 9, 2016

Surjeet Singh
Managing Director & CEO
DIN: 05278780

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the period from April 01, 2015 to November 30, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period December 01, 2015 to March 31, 2016. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

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

For **HBP & Co**
Company Secretaries

Pramod S M
Partner
Membership No. FCS 7834
CP No. 13784

Date:August 9, 2016

To,
The Board of Directors
Subex Limited

Dear Sirs,

CEO/CFO Certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

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

A) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2016 and to the best of our knowledge and belief:

  i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the auditors and the Audit Committee

  i) Significant changes in internal control if any, over financial reporting during the year;

  ii) Significant changes in accounting policies during the year if any, and that the same have been disclosed in the notes to the financial statements; and

  iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting wherever needed.

Surjeet Singh
Managing Director & CEO

Date: May 24, 2016
Place: Bengaluru

Ganesh K V
Chief Financial Officer, Global Head- Legal & Company Secretary
Date: May 24, 2016
Place: Los Angeles, USA

Management Discussion and Analysis

OVERVIEW

Subex Limited ("Subex" or "the Company") has its Equity Shares listed on the National Stock Exchange of India Limited (NSE) and The BSE Limited. The Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of the London Stock Exchange (LSE). The Company's 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$ 4,550,000 out of US$ 127,721,000 5.70% Secured Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited (SGX). As a part of the terms and conditions of US$ 127,721,000 5.70% Secured Convertible Bonds, on July 17, 2012, 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/-. Pursuant to the mandatory conversion and subsequent conversion of US$ 86,850,000 currently US$ 4,550,000 is outstanding under US$ 127,721,000 5.70% Secured Convertible Bonds as of March 31, 2016. Subsequent to Balance Sheet date, US$ 9,50,000 were converted to the date of this Report, hence pricipal amount of US$ 3,60,000 are outstanding as of date.

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

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 2013 and the 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

COMPANY OVERVIEW

We provide software products and related services to communications service providers ("CSPs") worldwide. Generally, our revenue comes from licensing, professional services related to installations and configuration activity, annual support contracts and managed services.

Our pioneering platform, the Revenue Operations Centre (ROC®) – a centralized approach that sustains profitable growth and financial health of CSPs through coordinated operational control -- brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which CSPs can build their processes to achieve lower cost, higher margins and higher revenue.

Our product portfolio powers the ROC and includes best-in-class solutions such as revenue assurance, fraud management, asset assurance, capacity management, data integrity management, credit risk management, cost management, route optimisation and partner settlement.

We are proud to be recognized as a leader in our market. Our awards have included:

- 2015 for Best Security/Fraud solution
- Telecoms Award 2015 for Advances in B/OSS
- Pipeline Innovation Award 2013 in Business Intelligence & Analytics
- Pipeline Innovation Award 2016 in Security and Assurance.
- Featured by Frost and Sullivan as one of the "10 companies to watch out for" in 2015
- Carriers World Award 2015 for best Security/Fraud solution.
- Capacity Magazine Best Product/ Service 2013
- Global Market Share Leader in Financial Assurance 2012 by Frost & Sullivan, the Carriers World Awards
- Finance Transformation Best-In Class Financial Solutions Services, 2016 by CIMA

We are especially proud to have received numerous awards jointly with our customers including being awarded the Global Telecoms Business Innovation Award numerous times including:

- In 2016 with BTC Botswana
- In 2015 with Mobily
- In 2014 with Telstra Global
- In 2012 with Idea Cellular for Managed Services
- In 2011 with Swisscom for Fraud Management

Our products and services have been chosen by 39 of top 50 telecom operators* and 7 of the world's 10 largest# telecom companies worldwide. Being truly a global Company, we have more than 300 installations across 70 countries.

We have a global presence, employing over 900+ people, with headquarters in Bengaluru, India and offices in Singapore, Dubai, London and Denver.

*Telecom Operators 500, 2015
#The World's Largest Telecom Companies 2015 – Forbes

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

OPPORTUNITIES

Addressing the challenges of the telecom industry in an effective way paves way for encouraging opportunities for Subex. 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 and acts as the underpinning solution on which telcos can build their processes to achieve several objectives like, lower cost, higher margin, higher revenue etc.

THREATS

Dependence on core areas for a big chunk of the revenue can be seen as a threat if unaddressed. Considering the increasing saturation of markets for Revenue Assurance, Fraud Management and Partner Settlement, it is essential to nurture and develop other sustainable sources of revenue that address some of the growth segments. With ROC Insights, Subex has made its foray into the analytics market which provides a lot of head-room for the business to grow and capitalize on the need for business insights. In the analytics market, it is imperative for Subex to ensure differentiation based on capabilities. In the absence of such a differentiation, Subex may face the threat of being seen as just another analytics player in the market. However, with the right marketing strategy and direction, this threat can be turned into a scalable opportunity by demonstrating to the market that Subex stands apart from the rest.

OUR REVENUE MODEL

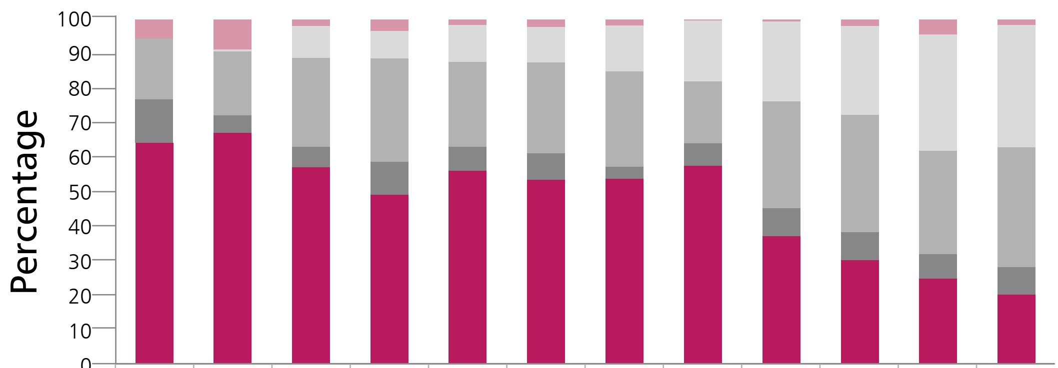
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

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

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

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

Revenue Composition



	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Third Party	5	9	2	3	1	2	1	0	0	1	4	1
Managed Services	0	0	9	8	11	10	14	18	24	27	34	36
Support	18	19	26	30	25	27	28	18	31	34	30	35
Customization	13	5	6	10	7	7	3	7	8	8	7	8
License & Addl. License	64	67	57	49	56	54	54	57	37	30	25	20

OUR 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 Optimisation and ROC Cost Management; and for Network Analytics- ROC Asset Assurance, ROC Data Integrity Management and ROC Capacity Management. In addition, Subex also offers ROC Insights that provides contextual, consumable and actionable business insights to CSPs.

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

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

For service providers that aim to 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 Optimisation	ROC Data Integrity Management
ROC Credit Risk Management	ROC Cost Management	ROC Capacity Management

MANAGED SERVICES	ANALYTICS SERVICES	CONSULTING SERVICES

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: Revenue Pad and Zen which simplify 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 increased 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 enables 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 Optimisation

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 and generate
- Man-Machine Language commands for switch update

These capabilities round up our comprehensive route optimization solution, helping you 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.

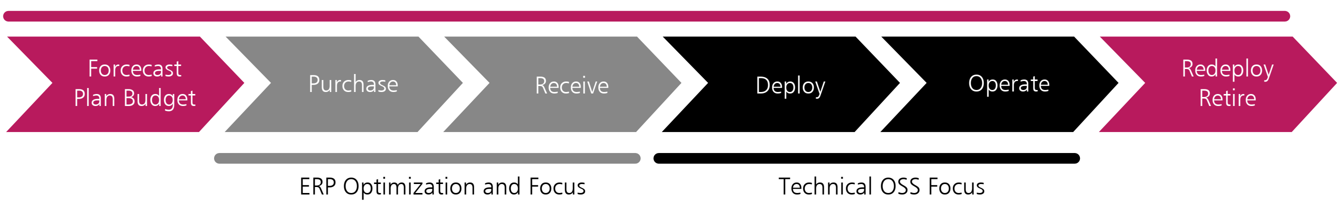
The solution collects, collates and correlates the information from switches, inventory, billing, partner invoices, and financial systems to provide deeper insights about the cost aspects in an easier to understand format through dashboards & reports. It enhances margins by optimizing leased circuit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

NETWORK ANALYTICS

ROC Asset Assurance

ROC Asset Assurance helps operators in managing and reducing network Capex. It provides an operator a holistic view into current assets, consumption and placement of the assets, with subsequent network intelligence. 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 reliability 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 service provider 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 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 Insights is a unique approach to solving the problem with data growth. The cornerstone of this offering is to leverage big data and generate nuggets of information – which are "Consumable", "Actionable" and "Contextual". Based on Subex's two decades of B/OSS expertise, telecom domain knowledge and telecom analytics experience, the program is built on the pillars of "Domain", "Analytics" and "Technology".

ROC Insights helps operators extract valuable information from data, predict and act upon irregularities, increase overall efficiency and effectively monitor business changes in near-real time.

Managed Services

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

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

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

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

- Scope of Operations: Ranging from standard operations to large scale transformational programs
- BSS / OSS Domains: Drawing from Subex's established expertise on various BSS / OSS domains

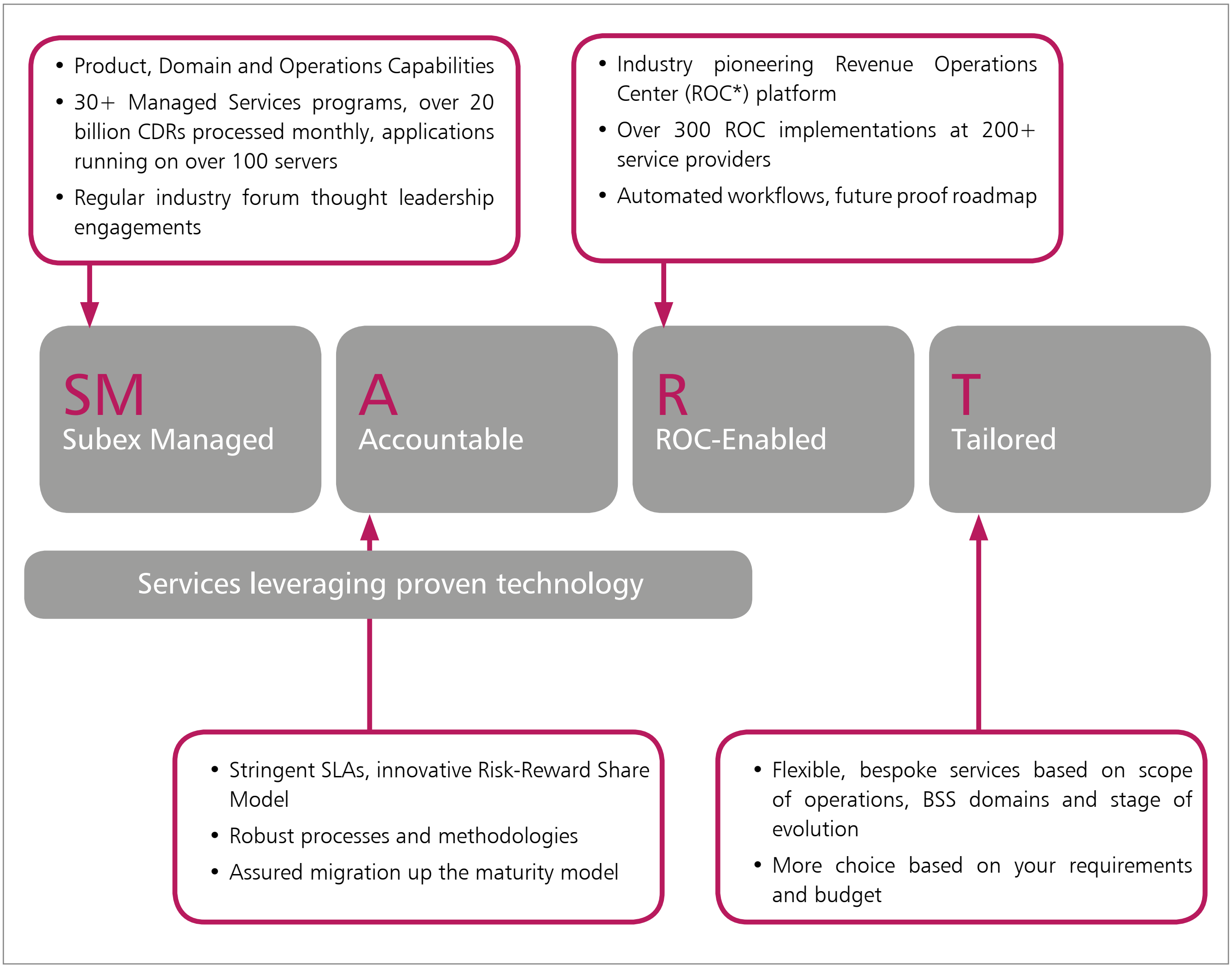
On-Site Support: High caliber, experienced resources to ensure functional continuity and high resource efficiency.

End-to-End Managed Services

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

Subex Managed Services

SMART services leveraging proven technology



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

OUR GLOBAL CUSTOMER BASE

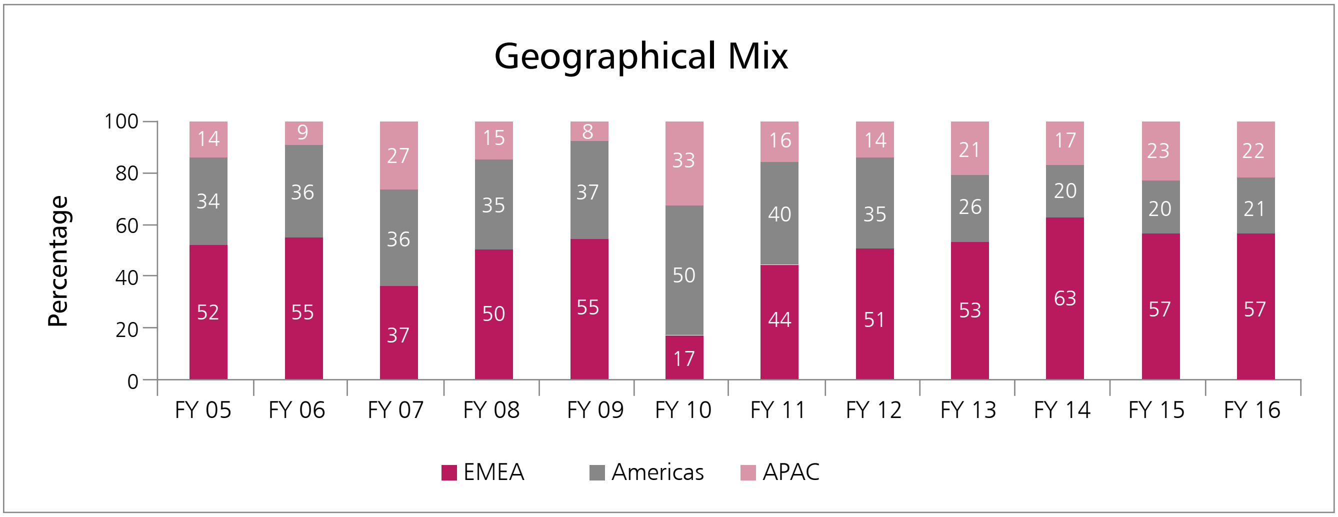
Subex today serves over 300 installation spread across 70 countries. This includes 39 of the world's 50 biggest telecommunications service providers worldwide. A partial list of customers is given below:

APAC – Aircel, Astro, Airtel, CAT, Celcom, DTAC, DST Brunei, Idea Cellular, Indosat, Maxis, MTS, Optus, Packet One, PLDT, Reliance Communications, Reliance Jio, Robi Axiata, Starhub, Tata Communications, Tata Teleservices, Telenor, Teletalk, Telstra, True Move, Telinor India, Vodafone India.

Americas- Alaska Communications, America Movil AT&T, Cincinnati Bell Wireless, Comcast Cable, Claro Argentina, Claro Brazil, Claro Colombia, Claro Dominican Republic, Claro Peru, Claro Puerto Rico, Hawaiian Telcom, Etecsa, Entel Bolivia, Level 3, Movistar Chile, Movistar Colombia, Millicom, Movistar Mexico, Movistar Peru, Nextel Brazil, Nextel Chile, ICE, Telcel, Telmex, Telus, T Mobile.

EMEA- Airtel, Almadar, AST Communications, Atalntique Telecom, Avea, Azercell, Batelco, Bezeq International, BTC Botswana, BT, Cell C, Colt, Coolwave, Cyta, Du, Eagle Mobile, Econet, Elisa, Ethio Telecom, Etisalat UAE, Etisalat Nigeria, Geocell, Glo, Go Malta, Interoute, INWI, Jawwal, K Cell, Level 3, Liberty Global, Life, Mascom, MCCI, Melita Cable, Mobily, Moldcell, Monaco Telecom, MTN Group, Omantel, One, Ooredoo Algerie, Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Qatar, Orange Mali, Orascom Algeria, Paltel, Sabafon, Sonatel, STC, Swisscom, Syriatel, Talk Talk, Tcell, Telcom Egypt, Telecom Romania, Telefonica, Telekom, Slovenjie, Telenor, TeliaSonera, Teio, Tunise Telecom, Turk Telecom, Ucell, Viva, Vodafone Ireland, Vodafone Romania, Vodafone Turkey, Zain.

The chart below illustrates the geographical mix of customer base:



THE CSP INDUSTRY – the mobile market and its outlook

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

At the end of 2015, there were 4.7 billion unique mobile subscribers globally, equivalent to 63% of the world's population. By 2020, almost three-quarters of the global population will have a mobile subscription, with around 1 billion new subscribers added over the period. As discussed above, our licensing model is tied to subscriber growth. Thus, this growth in mobile subscribers is an opportunity for us. However, developed markets are growing more slowly as penetration rates approach levels close to saturation. For example, in Europe and North America, unique subscriber growth was 1.5% and 3.0% between 2010 and 2015 respectively. At the other end of the spectrum, Sub-Saharan Africa – still the world's most under-penetrated region – saw an annual subscriber growth over the same period of more than 13%, and Asia Pacific – the world's largest region in terms of subscribers – grew at an annual average of more than 10%.

UNIQUE SUBSCRIBERS

2015
4.7bn

2020
5.6bn

2015 - 2020
3.9%
CAGR

2015
63%

2020
72%

PENETRATION RATE

GLOBAL CONNECTIONS*

2015
7.3bn
99% PENETRATION RATE

2020
8.9bn
114% PENETRATION RATE

CAGR
3.9%
2015 - 2020

MOBILE OPERATOR REVENUES

Data growth driving revenues and operator investments

2015
$1.1tn

2020
$1.2tn

OPERATOR CAPEX OF UP TO
$900bn
FOR THE PERIOD 2015-2020

2015 - 2020
1.9%
CAGR

ACCELERATING MOVES TO MOBILE BROADBAND NETWORKS AND SMARTPHONE ADOPTION

Mobile broadband connections to increase from 47% of total in 2015 to
71%
by 2020

By 2020, there will be
5.8bn
smartphones, growth of 2.6bn from the end of 2015

Data traffic to grow by a CAGR of
49%
over the period 2015-2020

Looking out to 2020, there will be a further slowdown in the subscriber growth rate, with an average annual growth rate of 3.9% compared to 7.7% over the last five years. Developed markets are becoming saturated, with only marginal subscriber growth by 2020. As a result, the developed world will add only four percentage points of penetration by the end of the decade, reaching 88% of the population.

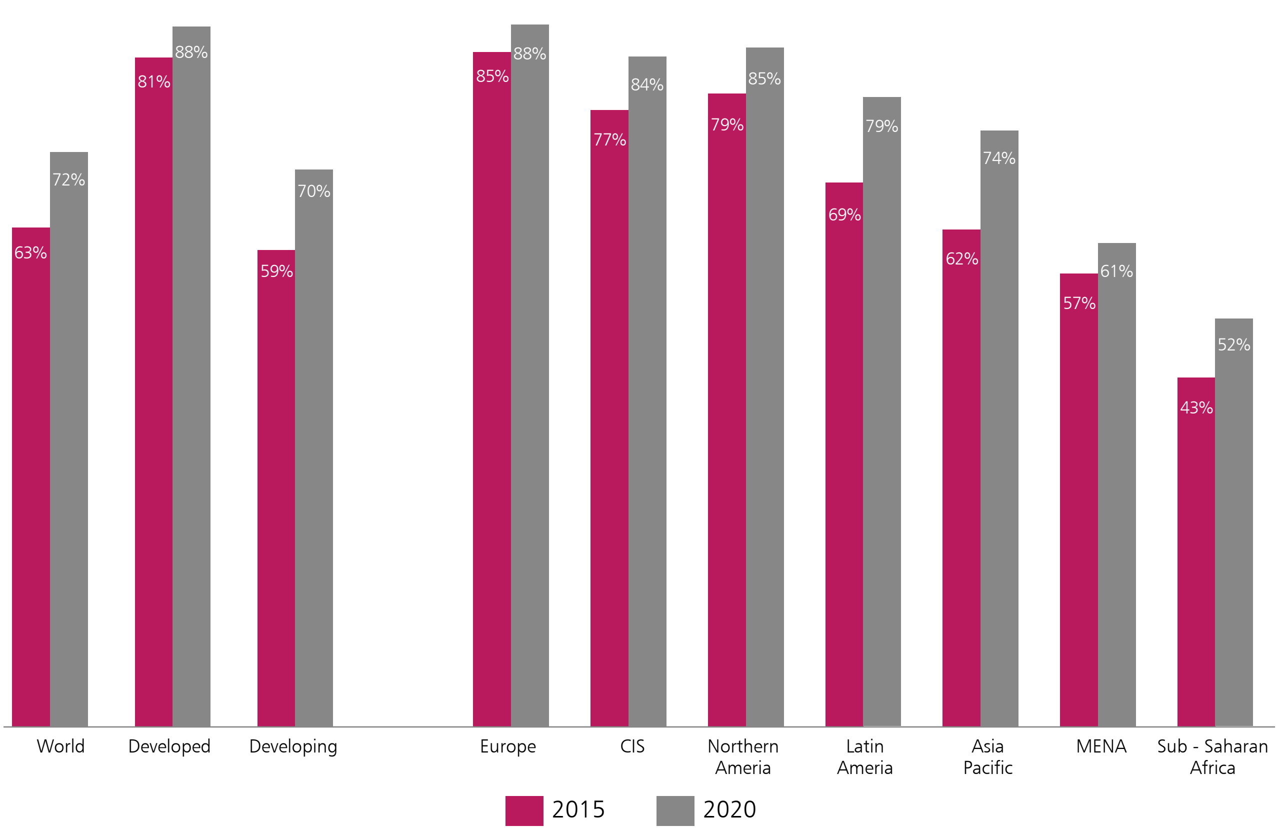
In developing markets, the 59% penetration rate suggests significant room for further growth.

However, various factors will affect the rate of growth for mobile service providers over the short to medium term. These include challenging economic conditions, the lower income and purchasing power of the still unconnected populations, uneven distribution and quality of infrastructure, and social and political instability in a number of markets. Coupled with the challenge of providing coverage to sparsely populated areas, this will limit subscriber growth in developing countries for the foreseeable future.

As a result, subscribers will grow at an annual rate of 4.5% across the developing world in the next five years, down from 9.2% over the last five years, reaching 70% penetration.

Despite this slowing growth, the developing world will account for more than 90% of the 1 billion incremental subscribers expected over the next five years. We have a strong history of operating successfully in the developing markets and we have a good understanding of the challenges of this market allowing us to be well positioned to grow as this market grows.

Unique subscriber penetration by region



The average revenue per user (ARPU) per month stood at $10.25 in the year FY15, which declined by 2.3% over FY14. Increasing penetration among some of the world's poorest countries will inevitably lead to declining ARPU. This poses challenges for us for obvious reasons – any downturn in our customer's revenue can be expected to have an impact on us. However, at the same time, this poses opportunities. Decreases in ARPU necessarily means that CSPs must even more closely watch and control their own spending. And, products such as our Asset Assurance product are designed to help CSPs lower Capex expenditures helping our customer's to control their own spend.

RISKS AND CONCERNS

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

Reduction in Consumer and Business Purchasing

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

Consolidation in our customer base

CSPs have gone through considerable consolidation. The consolidation, or merger, of one CSP with another can have at least three impacts on us. Firstly, it simply reduces the overall size of the market. Each consolidation effectively reducing the number of potential customers for our products by one. Secondly, it can and does happen that one of our existing customers can undergo a consolidation. In that event, the other party to the consolidation may have already have competing products and the combined Company may choose to continue with use of the competing product rather than use our product. Of course, it can also happen that the two companies both use our products. While the consolidation of two customers will not necessarily reduce our revenue by half, it certainly has an adverse income on our revenue as the combined Company attempts to reduce their consolidated spending. Thirdly, larger customers simply have more negotiating power leading to reduced prices for our products. The Company strives to have a deep penetration within the accounts that it servesso as to provide an edge over competitors and be a preferred choice during such consolidations.

Dependence on the Communications Service Providers as our sole customers

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

Security

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

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

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

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

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

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

Technology changes and obsolescence may impact our business

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

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

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

Recruiting and Retention of Personnel is challenging

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

Adequately Protecting Our Intellectual Property may not be possible

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

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

Allegations of Infringement of Third Party Intellectual Property Poses Risks

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

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

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

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

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

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

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

Non-compliance with Statutory Obligations May Result in Fines and Penalties

We face certain statutory obligations. Some of these obligation arise from the fact that we have registered with Special Economic Zone for software development activities and have availed Customs Duties, Sales Tax and Central Excise exemptions. The non-fulfillment of export obligations or other non-compliance with statutory obligations may result in penalties as stipulated by the Government and this may have an impact on future profitability. The company has team of in house attorneys & engages outside counsel/consultants on an as needed basis from India & the U.S. An ongoing monitoring mechanism has been established with respect to applicable taws.

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

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

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

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

SEZ Related Taxation Benefits May be Uncertain

Consequent to the end of STPI related tax benefits for us, we are 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.

Failure to Fulfill Contractual Obligation May Lead to Claims

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

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

Debt Obligations

As on March 31, 2016, the Company had outstanding FCCBs aggregating to:

- US$ 1,000,000 under its US$ 180,000,000 2% convertible unsecured bonds ("FCCBs I")
- US$ 1,400,000 under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II")
- US$ 4,550,000 under its US$ 127,721,000 5.70% secured convertible bonds ("FCCBs III")*

*FCCB III:

US$ 4,550,000 is outstanding as on March 31, 2016. US$ 950,000 were converted between April 1, 2016 to date of this Report. Hence principal amount of US$ 3,600,000 of FCCB III are outstanding as on the date of this report. More details on FCCB is available in Board Report.

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.

Pursuant to Regulation 17 (8) of the SEBI (LODR) Regulations (as stated in Part B of Schedule II), 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.

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.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis

Financial Highlights / Year ending 31st March	2016		2015		2014	
	Consolidated	Stand-Alone	Consolidated	Stand-Alone	Consolidated	Stand-Alone
Total income:	32,451.82	29,666.13	36,068.93	30,615.84	34,449.28	29,669.48
-(Continuing Operations)	32,451.82	-	36,068.93	-	34,449.28	-
-(Discontinuing Operations)	-	-	-	-	-	-
Operating Profits (EBITDA) before Exceptional items:	6,537.76	4,716.39	8,100.86	2570.76	6,549.62	4,377.98
-(Continuing Operations)	6,542.25	-	8,575.04	-	6,771.84	-
-(Discontinuing Operations)	(4.49)	-	(474.18)	-	(216.70)	(222.22)
Depreciation & Amortization	427.49	263.46	402.04	258.54	248.18	161.31
-(Continuing Operations)	427.49	-	402.04	-	244.18	-
-(Discontinuing Operations)	-	-	-	-	4.16	-
Profit/(Loss) before tax & after Exceptional items:	7,145.56	(12,661.06)	1,599.41	(2,685.10)	(216.45)	(2,806.31)
-(Continuing Operations)	7,150.79	-	2,073.59	-	262.26	-
-(Discontinuing Operations)	(5.23)	-	(474.18)	-	(478.71)	-
Profit/(Loss) after tax & Exceptional items:	5,872.49	(13,195.44)	1,021.45	(2,840.01)	(1161.27)	(2,952.88)
-(Continuing Operations)	5,874.82	-	1,501.25	-	(674.12)	-
-(Discontinuing Operations)	(2.33)	-	(479.80)	-	(487.15)	-
Equity Dividend %	NIL	NIL	NIL	NIL	NIL	NIL
Share Capital	50,281.16	50,281.16	18,292.26	18,292.26	16,664.00	16,664.00
Reserves & Surplus	22,418.77	13,203.84	2,611.76	10,600.48	697.90	10,719.72
Net Worth	72,699.93	63,485.00	20,904.02	28,892.74	17,361.90	27,383.72
Gross fixed Assets	7,284.82	6,900.35	8,296.39	7,469.02	9,625.76	7,166.04
Net Fixed Assets	729.59	402.57	817.85	550.18	597.83	316.50
Total Assets	104,300.29	127,616.91	113,379.78	151,515.33	109,259.59	155,730.84
Key Indicators						
Earning per Share (Year end)	2.02	(4.54)	0.59	(1.65)	(0.70)	(1.77)
Cash Earning per Share (Year end)	-	-	4.74	2.80	3.65	2.20
Book value per Share	-	-	12.18	16.83	10.42	16.43
Debt (including Working capital) Equity Ratio	0.47	0.31	3.47	2.25	4.39	2.52
EBITDA / Sales - %	20.23%	15.92%	23.59%	8.07%	19.91%	14.91%
Net Profit Margin - %	18.10%	(44.48)%	2.84%	(9.29%)	(3.41%)	(10.06%)
Return on year end Net Worth %	8.08%	(20.79%)	4.89%	(9.83%)	(6.69%)	(10.78%)
Return on year end Capital Employed %	7.62%	(19.84%)	1.09%	(3.03%)	(1.24%)	(3.06%)

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 C400/-.
- 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 C81/- 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 1,62,82,615 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.

During 2015-16, the Company issued 319,889,071 equity shares allotted upon conversion of FCCBs to principal amount of USD 76,980,000 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 to bring it in line with Schedule III of the Act.

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 to bring it in line with Schedule III of the Act.

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 to bring it in line with Schedule III of the Act.

During the year 2015-16, the balance of Foreign Currency Translation Reserve of ₹376.63 lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

Securities Premium Account represents the premium collected on:

- 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 ₹16.30 Lakhs (Previous Year: ₹78.10 Lakhs).

Short Term Borrowings

On Consolidated & Standalone basis, the Short term borrowings of ₹ 10,395.74 lakhs (Previous Year: ₹ 12,506.54 lakhs) & ₹ 10,395.74 lakhs (Previous Year: ₹ 12,506.54 lakhs) respectively outstanding in the books as at March 31, 2016. Further details are available in schedule 8 of Notes to financial statements.

Long Term Borrowings (including current maturities)

On a consolidated basis and standalone basis:

a. ₹ 662.58 lakhs (Previous Year: ₹ 625.03 lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2006-07 "FCCB I". The bonds carry interest of 2% per annum and are redeemable on March 9, 2017, (the same was considered under long term borrowings in previous year). These bonds are listed in the Professional Securities Market of London Stock Exchange. The premium payable on these bonds has been accrued and is carried under Current Liabilities.

b. ₹ 927.62 lakhs (Previous Year: ₹ 875.05 lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2009-10 "FCCB II" as a result of restructuring existing bonds mentioned in (a) above (the same was considered under long term borrowings in previous year). 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 has been accrued and is carried under Current Liabilities.

c. ₹ 3,014.52 lakhs (Previous Year: ₹ 50,956.17 lakhs) relating to Foreign Currency Convertible Bonds issued in fiscal 2012-13 "FCCB III" 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.

c. On consolidated basis, loan taken by Subex Americas Inc. of ₹ 7,950.5 lakhs (Previous Year: ₹ 7,500 lakhs) guaranteed by Subex UK Limited.

Fixed Assets

During the year, the Company added ₹ 326.06 lakhs on consolidated basis and ₹ 117.87 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 ₹ 729.59 lakhs (Previous year ₹ 817.85 lakhs) on consolidated basis and ₹ 402.57 lakhs (Previous year ₹ 550.18 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 shareholding 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. As on March 31, 2016, the number of outstanding GDR's are 243,207.

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.

During the year 2015-16, the Company recognized an amount of ₹ 5,490 lakhs as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2016 is ₹ 7,005.74 lakhs.

Trade Receivables

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

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

The age profile on consolidated basis is as given below:

Amount in ₹ lakhs

Period in days	31-Mar-16		31-Mar-15	
	Value	%	Value	%
Less than 180 days	7,913.52	70.99	10,365.11	95.44
More than 180 days	3,234.63	29.01	494.77	4.56
Total	**11,148.15**	**100.00**	**10,859.88**	**100.00**

The age profile on standalone basis is as given below:

Amount in ₹ lakhs

Period in days	31-Mar-16		31-Mar-15	
	Value	%	Value	%
Less than 180 days	14,162.30	28.49	15,523.97	29.73
More than 180 days	35,539.12	71.51	36,701.22	70.27
Total	**49,701.42**	**100.00**	**52,225.19**	**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 ₹ 2,956.13 lakhs (Previous Year ₹ 5,317.63 lakhs) on consolidated basis and ₹ 14,202.68 lakhs (Previous Year ₹ 7,288.74 lakhs) on standalone basis. With respect to old receivables and payables due for over three years the Company has taken adequate measures to write-off, create provision and have approached the regulatory authorities for netting-off the trade payables/receivables.

Cash and Cash Equivalents

The bank balances includes both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹ 59.31 lakhs (Previous Year: ₹ 15.65 lakhs) on Standalone basis and ₹237.67 lakhs (Previous Year: ₹ 751.92 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)

Amount in ₹ lakhs

Particulars	2015-16	2014-15
Subex (UK) Limited	-	-
Subex (Asia Pacific) Pte Ltd	-	
Subex Americas Inc.	-	1,844.20
Subex Inc.	-	-
Subex Technologies Ltd	-	5.70

Net of Provisions

Statement of Profit & Loss

Income

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

Amount in ₹ lakhs except percentages

Particulars	2015-16		2014-15	
	Value	%	Value	%
Software Products	3,117.51	9.64	5,858.73	16.28
Software Services	29,217.96	90.36	30,124.58	83.72
Total	**32,335.47**	**100.00**	**35,983.31**	**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 event registration fees, interest on deposits from banks, interest on Inter Company Loans.

Expenditure

The employee benefits expenses increased to ₹ 17,624.83 lakhs (Previous year: ₹ 16,289.17 lakhs) on consolidated basis and increased to ₹ 8,041.44 lakhs (Previous year: ₹ 7,405.82 lakhs) on standalone basis.

The Company incurred administration and other expenses excluding employee benefit expenses at 25.4% of its total Income during the year as compared to 26.54% during the previous year on consolidated basis and 56.55% of its total income during the year as compared to 62.41% 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 ₹ 6,542.25 lakhs being 20.23% of total revenue (Excluding other income) as against ₹ 8,575.04 lakhs at 23.83 % during the previous year. On a standalone basis, the Company earned Operating Profit/(Loss) before Interest, depreciation, tax and exceptional items of ₹ 4,716.39 lakhs being 15.92% of total income as against ₹ 2,570.76 lakhs at 8.41 % during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹ 4643.10 lakhs (Previous year: ₹ 6103.99 lakhs) on consolidated basis and ₹ 3,594.04 lakhs (Previous year: ₹ 5,171.48 lakhs) on standalone basis. The interest paid/accrued is related to working capital loan including interest on FCCBs amounting to ₹ 2,276.33 lakhs (Previous Year: ₹ 3,352.21 lakhs).

Depreciation

The provision for depreciation for the year amounted to ₹ 427.49 lakhs (Previous year: ₹ 402.04 lakhs) on consolidated basis and ₹ 263.46 lakhs (Previous year: ₹ 258.54 lakhs) on standalone basis.

The intangible assets of the Company on standalone basis 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 ₹ 5,872.49 lakhs, as against a profit of ₹ 1,021.45 lakhs during the previous year. On standalone basis, the net profit of the Company amounted to loss of ₹ 13,195.44 lakhs as against a loss of ₹ 2,840.01 lakhs during the previous year.

Exceptional Item

The Company at a consolidated basis, has shown an income of ₹ 5,674.85 lakhs for the year as Exceptional Item. It comprises of ₹ 12,574.73 lakhs credit on account of reversal of interest and related foreign exchange on FCCBs and a credit of

₹ 1,970.12 lakhs on account of reversal of interest due on other loans as reduced by ₹ 8,870 lakhs debit towards impairment of goodwill on evaluation.

At a standalone basis, it has however incurred an expenditure of ₹ 13,712.50 lakhs mainly due to a debit of ₹ 20,797.32 lakhs towards provisioning/write-off of inter-company receivables as well as a debit of ₹ 5,490.00 lakhs on account of an impairment to the Investment in subsidiary as reduced by a gain of ₹ 12,574.73 lakhs towards reversal of interest and related foreign exchange on FCCBs.

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 ₹ 2.02 per share (Previous year: ₹ 0.59 per share) on consolidated basis and loss of ₹ (4.54) per share (Previous year: ₹ (1.65) 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 Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2016, we had 900+. Subexians on our rolls globally.

Human Resources at Subex is centralized at our corporate headquarters in Bengaluru, with regional HR teams providing local support aligned to the global HR strategy. The HR team provides a competitive edge to the business by enabling and supporting a very unique business model of value based delivery, processes and programs on global product development and delivery capabilities on one hand and complex distributed managed services delivery capabilities on the other. HR at Subex consistently strives to adopt leading best practices in designing and deploying HR process and programs across various areas like recruitment, total rewards management, talent management, organizational development, performance management, change management, learning and development, etc.

In Subex, we firmly believe that people, when motivated are the true drivers behind Organizational success. It is important to create an enjoyable work environment to keep them engaged and happy. We have reviewed and redefined the HR policies like work from home, sabbatical, continuous learning and certification to make it more employee friendly. We have also introduced special leave policies for our lady employees to be availed during their maternity period. We have introduced various other initiatives like fun at work, connect sessions to understand their personal goals. As a result we have seen our attrition come down to around 16.7% from 20.6% last year.

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

Recruitment

During the year, the recruitment team had to execute a well thought out manpower planning and analysis exercise and adopt global recruitment best practices to fulfil 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.

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

Induction and Training

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

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

Performance Management System

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

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

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 AUDITOR'S REPORT

To the Members of **Subex Limited**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Subex Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 controls 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 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, 2016, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 28 to the financial statements regarding trade receivables and trade payables from/to the Company's subsidiaries as at March 31, 2016 and more fully described therein. As explained to us, the management is in the process of filing necessary application with the Reserve Bank of India ['RBI'] for settlement of these balances by setting off aforesaid trade payables against trade receivables. Pending filing of application and requisite approval from the RBI, no adjustments have been made in these financial statements.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the

Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and 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 described in Emphasis of Matter paragraph above and the matter described in Qualified Opinion paragraph of "Annexure 2", in our opinion, may have an adverse effect on the functioning of the Company.

   (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 10 and Note 33 to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Sunil Bhumralkar**
Partner
Membership Number: 035141

Place of Signature: Bengaluru
Date: May 24, 2016

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

Re: Subex Limited

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and, hence not commented upon.

(iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 33(iii) to the financial statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in remittance of service tax in few cases and serious delays in remittance of withholding tax in large number of cases. With regard to withholding tax dues, we also refer to note 27 to the financial statements.

(b) According to the information and explanations given by the management, no undisputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

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

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

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

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans to a financial institution, bank, debenture holders or government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by the way of initial public offer / further public offer / debt instruments and term loans during the year. Hence, reporting under paragraph 3(ix) of the Order is not applicable to the Company and, hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by officers and employees has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 33(iii) to the financial statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and, hence not commented upon.

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

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

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

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

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

per **Sunil Bhumralkar**
Partner
Membership Number: 035141

Place of Signature: Bengaluru
Date: May 24, 2016

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

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

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

The Company's internal financial controls with respect to assessment of recoverability of trade receivables from subsidiaries at regular intervals and timely settlement of trade receivables from and trade payables to subsidiaries were not operating effectively, which could potentially result in material misstatement of such balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The material weakness described in the earlier paragraph was considered in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of Subex Limited for the year ended March 31, 2016 and this report does not affect our report dated March 31, 2016, which expressed an unqualified opinion on those financial statements.

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

per **Sunil Bhumralkar**
Partner
Membership Number: 035141

Place of Signature: Bengaluru
Date: May 24, 2016

Balance Sheet as at 31 March, 2016

(₹ in Lakhs)

	Notes	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	50,281.16	18,292.26
Reserves and surplus	4	13,203.84	10,600.48
		63,485.00	**28,892.74**
Non-current liabilities			
Long-term borrowings	5	3,014.52	52,456.25
Other long-term liabilities	6	610.48	8,287.45
Long-term provisions	7	258.36	320.15
		3,883.36	**61,063.85**
Current liabilities			
Short-term borrowings	8	10,395.74	12,506.54
Trade payables - other than acceptances			
- total outstanding dues of micro enterprises and small enterprises	9	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises	9	45,166.62	45,693.03
Other current liabilities	9	3,924.85	2,273.16
Short-term provisions	10	756.51	324.69
		60,248.55	**60,800.48**
Total		**127,616.91**	**150,757.07**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	329.38	447.00
Intangible assets	11	73.19	103.18
		402.57	**550.18**
Non-current investments	12	71,771.48	77,234.42
Long-term loans and advances	13	2,884.89	4,745.67
Other non-current assets	14	59.31	13,062.41
		75,118.25	**95,592.68**
Current assets			
Trade receivables	15	49,701.42	52,225.19
Cash and bank balances	16	195.53	130.72
Short-term loans and advances	17	956.64	635.42
Other current assets	18	1,645.07	2,173.06
		52,498.66	**55,164.39**
Total		**127,616.91**	**150,757.07**
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Statement of Profit & Loss for the year ended 31 March, 2016

(₹ in Lakhs)

		Notes	Year ended March 31, 2016	Year ended March 31, 2015
1	Income			
	Revenue from operations	19	29,624.29	30,567.07
	Other income	20.1	41.84	48.77
	Total income		29,666.13	30,615.84
2	Expenses			
	Cost of hardware, software and support charges	42	131.38	1,530.47
	Employee benefits expense and sub-contract charges	21	8,041.44	7,405.82
	Other expenses	23	16,776.92	19,108.79
	Total expenses		24,949.74	28,045.08
3	Earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA) (1-2)		4,716.39	2,570.76
4	Interest income	20.2	192.64	174.16
5	Finance costs	22	3,594.04	5,171.48
6	Depreciation and amortisation expense	11	263.46	258.54
7	Profit/(loss) before exceptional items and tax (3+4-5-6)		1,051.53	(2,685.10)
8	Exceptional items (net)	24	(13,712.59)	-
9	Loss before tax (7+8)		(12,661.06)	(2,685.10)
10	Tax expense			
	Current tax expense		534.38	154.91
11	Loss for the year (9-10)		(13,195.44)	(2,840.01)
12	Earnings/(loss) per equity share (nominal value of share ₹10 (March 31, 2015: ₹10))			
	Basic and diluted	37	(4.54)	(1.65)
Corporate information and significant accounting policies		1 & 2		
The accompanying notes are an integral part of the financial statements				

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Cash Flow Statement for the year ended 31 March, 2016

(₹ in Lakhs)

		Year ended March 31, 2016	Year ended March 31, 2015
A	**Cash flow from operating activities**		
	Loss before tax and after exceptional items	**(12,661.06)**	**(2,685.10)**
	Adjustments:		
	Depreciation and amortisation expense	263.46	258.54
	Provision for doubtful debts and advances (including exceptional items)	9,914.43	1,147.73
	Bad debts written off (exceptional item)	10,475.97	-
	Provision for diminution in value of investment in subsidiary company (exceptional item)	5,490.00	-
	Gain on Employee Stock Option Scheme	(44.38)	(9.68)
	Finance costs (including exceptional item)	(6,821.49)	5,171.48
	Interest income	(192.64)	(174.16)
	Loss/ (profit) on sale of fixed assets (net)	1.05	(1.19)
	Unrealized foreign exchange loss (net)	92.01	2,905.68
	Operating profit before working capital changes	**6,517.35**	**6,613.30**
	Movement in working capital:		
	Increase/ (decrease) in trade payables	(563.50)	(5,260.32)
	Increase/ (decrease) in provisions	(23.31)	109.18
	Increase/ (decrease) in other liabilities	171.12	1.55
	Decrease/ (increase) in trade receivables	(2,611.75)	3,070.77
	Decrease/ (increase) in loans and advances	0.96	(360.80)
	Decrease/ (increase) in other assets	576.80	1,275.66
	Cash generated from operations	**4,067.67**	**5,449.34**
	Taxes paid (net)	(525.54)	(518.38)
	Net cash flow from operating activities	**3,542.13**	**4,930.96**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(117.87)	(508.85)
	Proceeds from sale of fixed assets	0.97	8.36
	Investment in subsidiary company	(27.06)	-
	Movement in deposits (net)	(43.66)	29.80
	Interest received	0.90	4.81
	Net cash flow used in investing activities	**(186.72)**	**(465.88)**

Cash Flow Statement for the year ended 31 March, 2016 (*contd.*)

(₹ in Lakhs)

			Year ended March 31, 2016	Year ended March 31, 2015
C	**Cash flow from financing activities**			
	Movement in working capital loans (net)		(2,263.50)	(2,437.05)
	Interest paid		(1,030.48)	(1,936.14)
	Dividends paid (refer note 44)		-	(1.31)
	Net cash flow used in financing activities		**(3,293.98)**	**(4,374.50)**
	Net increase in cash and cash equivalents (A+B+C)		**61.43**	**90.58**
	Effect of exchange rate changes		3.38	0.81
	Cash and cash equivalents at the beginning of the year		130.72	39.33
	Cash and cash equivalents at the end of the year		**195.53**	**130.72**
	Components of cash and cash equivalents			
	Balance with banks:			
	in current accounts		103.41	57.06
	in EEFC accounts		92.12	73.66
	Total cash and cash equivalents (note 16)		**195.53**	**130.72**
Corporate information and significant accounting policies		1&2		
The accompanying notes are an integral part of the financial statements				

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Notes to the financial statements for the year ended March 31, 2016

1 Corporate information

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

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

2 Significant accounting policies

I Basis of 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 in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. 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 judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

III Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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

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

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

The Company collects service tax and sales tax on behalf of the government and therefore it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

Notes to the financial statements for the year ended March 31, 2016

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

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

Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

IV Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the tangible fixed asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing tangible fixed asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repairs and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable tangible fixed assets are adjusted to the cost of the respective tangible fixed assets and depreciated over the remaining useful life of such tangible fixed assets. In accordance with MCA circular dated August 09, 2012, exchange difference adjusted to the cost of tangible fixed asset is the total difference, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable tangible fixed asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

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

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, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the intangible asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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 intangible 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 intangible asset reliably, in which case such expenditure is added to the cost of the intangible asset.

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

VI Depreciation and amortisation

Depreciation on tangible fixed assets:

Depreciable amount for tangible fixed assets is the cost of the asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets is calculated on a straight-line method based on the useful lives estimated by the management.

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

The Company has used the following useful lives to provide depreciation on its tangible assets:

	Useful lives estimated by the management	Useful lives as per Companies Act. 2013
Computer hardware	3 years	3 years
Furniture and fixtures*	5 years	10 years
Vehicles*	5 years	10 years
Office equipment's *	5 years	3 years

* Based on an internal evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act 2013.

Amortisation of intangible assets:

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable assumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life.

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

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

Computer software	4 years
Goodwill	5 years
Intellectual property rights	5 years

VII 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 of leased asset and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to achieve a constant periodic rate of interest on the outstanding liability for each year. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

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

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

Notes to the financial statements for the year ended March 31, 2016

VIII Impairment of tangible and intangible assets

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

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

The impairment loss is recognised as an expense in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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

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

IX Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOS) for employees of the Company in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the *Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments*, the cost of equity settled transactions is measured using the intrinsic value method. 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.

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 regulations, the intrinsic value is amortised on a straight line basis over the vesting period i.e. the Cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

X Employee benefits

Employee benefits include provident fund, gratuity, employee state insurance and compensated absences.

(a) 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 and when services are rendered by the employees. These contributions are paid/payable in accordance with the applicable laws and regulations.

(b) Defined benefit plans:

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

(c) Short-term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(d) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire compensated absences balance as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. "

XI Foreign currency transactions and translation

Initial recognition:

Transactions in foreign currencies 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.

Conversion:

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

Exchange differences:

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

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

Notes to the financial statements for the year ended March 31, 2016

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

   For the purpose of 2 and 3 above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

   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.

   The financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Company itself.

XII Investments

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

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

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

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

XIII Taxes on income

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT payment which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the 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 benefits associated with it will flow to the Company and can be measured reliably, MAT credit is recognised in accordance with *the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act*, *1961*, by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement".

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

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

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

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

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

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

XIV Cash and cash equivalents

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

XV Provisions and contingencies

Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

XVI Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as

Notes to the financial statements for the year ended March 31, 2016

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 computing 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.

XVII 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. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

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

XVIII 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.

XIX Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from operations. In its measurement, the Company does not include depreciation and amortisation expense, interest income, finance costs and tax expense.

Notes to the financial statements for the year ended March 31, 2016

Note - 3 SHARE CAPITAL

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Authorised shares (no.)		
545,040,000 (March 31, 2015 : 495,040,000) equity shares of ₹10 each	54,504.00	49,504.00
200,000 (March 31, 2015: 200,000) preference shares of ₹98 each	196.00	196.00
	54,700.00	**49,700.00**
Issued, subscribed and fully paid-up shares (no.)		
502,811,646 (March 31, 2015: 182,922,575) equity shares of ₹10 each	50,281.16	18,292.26
	50,281.16	**18,292.26**

(a) **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year**

	March 31, 2016		March 31, 2015	
	No.	₹ in Lakhs	No.	₹ in Lakhs
At the beginning of the year*	182,922,575	18,292.26	166,639,962	16,664.00
Issued during the year - Conversion of FCCBs (refer note 25(e))	319,889,071	31,988.90	16,282,613	1,628.26
Outstanding at the end of the year	**502,811,646**	**50,281.16**	**182,922,575**	**18,292.26**

* includes 243,207 (March 31, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(b) **Terms/ right attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2015: ₹ Nil)

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	March 31, 2016		March 31, 2015	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹10 each fully paid				
QVT Mauritius West Fund & Quintessence Mauritius West Fund	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	21,559,422	4.29	10,892,721	6.01
Merill Lynch Capital Markets Espana SA SV	4,311,884	0.86	10,192,621	5.62
Nomura Singapore Limited	881,257	0.18	10,234,433	5.64
Suffolk (Mauritius) Limited & Mansfield(Mauritius) Limited	-	-	17,372,221	9.58

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the financial statements for the year ended March 31, 2016

(d) Shares reserved for issue under options (no.)

As at March 31, 2016, 20,801,449 shares (March 31, 2015: 202,656,863) were reserved for issuance as follows:

(i) Nil shares (March 31, 2015: 1,925 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2000' granted/available for grant. Refer note 35

(ii) 144,979 shares (March 31, 2015 : 741,072 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2005' granted / available for grant. Refer note 35

(iii) 130,500 shares (March 31, 2015: 475,010 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2008' granted / available for grant. Refer note 35

(iv) 67,174 shares (March 31, 2015: 67,174 shares) of ₹10 each towards conversion of foreign currency convertible bonds(FCCB I) available for conversion. Refer note 25

(v) 839,721 shares (March 31, 2015: 839,721 shares) of ₹10 each towards conversion of foreign currency convertible bonds (FCCB II) available for conversion. Refer note 25

(vi) 19,619,075 shares (March 31, 2015: 200,531,961 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:

	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid-up pursuant to contract (no.)* (In accordance with the terms of FCCBs III, out of the principal face value of US$ 127.72 Million (₹71,592.81 Lakhs), an amount of US$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012.	89,335,462	89,335,462

* also refer note 25(e) regarding conversion of FCCBs III into equity shares of the Company.

Note - 4 RESERVES AND SURPLUS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
General reserve	**1,779.76**	**1,779.76**
Securities premium account		
Balance as per last financial statements	12,619.50	10,561.61
Add : Additions during the year on conversion of FCCBs	11,161.84	2,082.55
Less: Adjustment towards accrual for redemption premium on FCCBs (net)	(35.82)	(24.66)
Closing balance	**23,745.52**	**12,619.50**
Share options outstanding account		
Balance as per last financial statements	78.10	98.96
Less : Compensation on ESOP cancelled/lapsed during the year	(62.15)	(20.42)
Add/ (less) : Deferred stock compensation expenses	0.35	(0.44)
Closing balance	**16.30**	**78.10**
Foreign currency monetary item translation difference account (refer note 26)		
Balance as per last financial statements (debit)	(5,111.21)	(5,801.74)
Add: Effect of foreign exchange rate variation during the year	(3,001.68)	(2,355.55)
Less: Amortisation for the year	7,736.26	3,046.08
Closing balance	**(376.63)**	**(5,111.21)**
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	1,234.33	4,083.80
Less: Loss for the year	(13,195.44)	(2,840.01)
Less: Transitional adjustment on depreciation (refer note 11)	-	(9.46)
Closing balance	**(11,961.11)**	**1,234.33**
Total reserves and surplus	**13,203.84**	**10,600.48**

Notes to the financial statements for the year ended March 31, 2016

Note - 5 LONG-TERM BORROWINGS (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Bonds		
Foreign currency convertible bonds (refer note 25 for details of security and other terms)		
Secured	3,014.52	50,956.17
Unsecured	-	1,500.08
	3,014.52	**52,456.25**

Note - 6 OTHER LONG-TERM LIABILITIES (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Accrual for premium payable on redemption of bonds (refer note 25)	-	596.25
Interest accrued but not due on borrowings (refer note 25(f))	610.48	7,691.20
	610.48	**8,287.45**

Note - 7 LONG-TERM PROVISIONS (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for gratuity (refer note 36[b])	258.36	320.15
	258.36	**320.15**

Note - 8 SHORT-TERM BORROWINGS (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand from banks (Secured)		
Loan type I (refer note 8[i] and [iii])	6,045.73	6,906.14
Loan type II (refer note 8[i], [ii] and [iii])	4,350.01	5,600.40
	10,395.74	**12,506.54**

(i) The secured loan type I and II from banks are secured by primary charge on trade receivables of the Company and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company, collateral paripassu first charge along with other working capital lenders and FCCB holders to the extent of the FCCB III repayment fund to be set up with the working capital lenders.

(ii) The Company has also submitted a corporate guarantee by Subex Technologies Limited of ₹5,570.00 Lakhs (March 31, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹5,570.00 Lakhs (March 31, 2015: ₹6,495.00 Lakhs) and pledged it's 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹1,762.89 Lakhs (March 31, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹3,945.39 Lakhs (March 31, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,687.46 Lakhs (March 31, 2015 : ₹5,402.71 Lakhs), which carried an average interest rate of 12.91%, 4.05% and 5.89% (March 31, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Notes to the financial statements for the year ended March 31, 2016

Note - 9 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Trade payables		
- total outstanding dues of micro enterprises and small enterprises [refer note 9(i)]	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises	45,166.62	45,693.03
	45,171.45	45,696.09
Other current liabilities		
Current maturities of long-term borrowings (refer note 25)	1,590.20	-
Accrual for premium payable on redemption of bonds (refer note 25)	632.07	-
Interest accrued but not due on borrowings	44.69	815.94
Employee related liabilities	652.14	715.11
Unearned revenue	658.83	452.22
Other payables		
Statutory remittances (refer note 27)	252.88	265.38
Rent equalisation reserve	54.06	24.51
Others	39.98	-
	3,924.85	2,273.16

(i) **Details of dues to micro enterprises and small enterprises:**

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

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	0.06
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

Dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note - 10 SHORT-TERM PROVISIONS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for compensated absences	128.22	114.22
Provision for gratuity (refer note 36([b])	32.43	7.95
Other provisions		
Provision for litigations (net of tax deducted at source ₹62.14 Lakhs (March 31, 2015: ₹62.14 Lakhs) [refer note 10(i)]	201.70	201.70
Provision for foreign taxes	212.04	-
Provision for wealth tax	-	0.82
Minimum alternative tax ('MAT') payable (net of tax deducted at source ₹201.82 Lakhs (March 31, 2015: ₹ Nil))	182.12	-
	756.51	324.69

(i) Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year.

Note - 11 FIXED ASSETS

(₹ in Lakhs)

	Tangible assets					Intangible assets				Grand Total
	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total	Computer software	Goodwill	Intellectual property rights	Total	
Cost										
At April 01, 2014	2,034.11	66.19	30.74	264.68	2,395.72	658.70	137.67	3,973.95	4,770.32	7,166.04
Additions	393.37	-	-	23.10	416.47	92.38	-	-	92.38	508.85
Disposals	(153.70)	-	-	(52.17)	(205.87)	-	-	-	-	(205.87)
At March 31, 2015	2,273.78	66.19	30.74	235.61	2,606.32	751.08	137.67	3,973.95	4,862.70	7,469.02
Additions	96.47	4.35	0.68	3.03	104.53	13.34	-	-	13.34	117.87
Disposals	(450.57)	-	-	(3.19)	(453.76)	(232.78)	-	-	(232.78)	(686.54)
At March 31, 2016	1,919.68	70.54	31.42	235.45	2,257.09	531.64	137.67	3,973.95	4,643.26	6,900.35
Depreciation										
At April 01, 2014	1,809.25	60.93	30.50	233.80	2,134.48	603.44	137.67	3,973.95	4,715.06	6,849.54
Adjustments (refer note 11[ii])	9.46	-	-	-	9.46	-	-	-	-	9.46
Charge for the year	197.22	2.20	0.11	14.55	214.08	44.46	-	-	44.46	258.54
Disposals	(149.62)	-	-	(49.08)	(198.70)	-	-	-	-	(198.70)
At March 31, 2015	1,866.31	63.13	30.61	199.27	2,159.32	647.90	137.67	3,973.95	4,759.52	6,918.84
Charge for the year	205.69	2.23	0.16	12.05	220.13	43.33	-	-	43.33	263.46
Disposals	(449.71)	-	-	(2.03)	(451.74)	(232.78)	-	-	(232.78)	(684.52)
At March 31, 2016	1,622.29	65.36	30.77	209.29	1,927.71	458.45	137.67	3,973.95	4,570.07	6,497.78
Net block										
At March 31, 2015	407.47	3.06	0.13	36.34	447.00	103.18	-	-	103.18	550.18
At March 31, 2016	297.39	5.18	0.65	26.16	329.38	73.19	-	-	73.19	402.57

Notes:

(i) Refer note 8 for the assets given as security.

(ii) During the previous year, the Company has revised certain estimates of economic useful lives of the Fixed 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 consequently the loss for the year being higher by ₹28.48 Lakhs (March 31, 2015: ₹51.32 Lakhs). The Company has in accordance with the transitional provisions available, adjusted ₹ Nil (March 31, 2015: ₹9.46 Lakhs) to retained earnings representing the value of assets whose economic useful life was nil as of April 01, 2014.

Notes to the financial statements for the year ended March 31, 2016

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

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Trade investment (unquoted equity instruments)		
Investments in equity shares in wholly owned subsidiaries		
3,999,994 (March 31, 2015: 3,999,994) equity shares of ₹10 each fully paid up in Subex Technologies Limited, India (Net of provision for other than temporary diminution ₹400.00 Lakhs [March 31, 2015: ₹400.00 Lakhs])	-	-
5,039,565,245 (March 31, 2015: 5,039,565,245) equity shares of GBP 0.00001 each fully paid in Subex (UK) Ltd. (Refer note 8 for the details of investments given as security and also refer note 29)	64,738.68	64,738.68
100 (March 31, 2015: 100) equity shares fully paid, no-par value, in Subex Americas Inc., Canada (Net of provision for other than temporary diminution ₹70,490.00 Lakhs [March 31, 2015: ₹65,000.00 Lakhs]) (refer note 24[iii])	7,005.74	12,495.74
Share application money in Subex Middle East (FZE), UAE	27.06	-
	71,771.48	**77,234.42**
Aggregate amount of unquoted investments (at cost)	142,661.48	142,634.42
Aggregate provision for diminution in value of investments	70,890.00	65,400.00
	71,771.48	**77,234.42**

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

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Security deposits	722.97	734.41
Balance with related parties (refer note 30)		
Unsecured, considered good	-	1,849.90
Unsecured, considered doubtful	3,665.43	1,705.67
Less: Provision for doubtful loans and advances (refer note 24[ii])	(3,665.43)	(1,705.67)
Other loans and advances		
Advance recoverable from former directors (refer note 33[iii])	233.80	233.80
Advance income-tax (net of provision for taxation ₹570.45 Lakhs) (March 31, 2015: ₹569.95 Lakhs)	1,661.22	1,660.66
Balances with statutory/government authorities*	266.90	266.90
	2,884.89	**4,745.67**

* Balances with statutory / government authorities represent service tax erroneously paid by the Company during the financial year 2004 to 2008, under reverse charge mechanism, for which refund application has been filled with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Notes to the financial statements for the year ended March 31, 2016

Note - 14 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Long-term trade receivables (unsecured)		
Considered good	-	13,046.76
Considered doubtful	14,202.68	7,288.74
Less: Provision for doubtful trade receivables*	(14,202.68)	(7,288.74)
	-	13,046.76
Non current bank balance (refer note 16)	59.31	15.65
	59.31	13,062.41

* During the year ended March 31, 2016, the Company has written off bad debts amounting to ₹998.01 Lakhs (March 31, 2015: ₹ Nil).

Note - 15 TRADE RECEIVABLES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
(Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	35,539.12	36,701.22
Other receivables		
Considered good	14,162.30	15,523.97
	49,701.42	**52,225.19**

Note - 16 CASH AND BANK BALANCES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents		
Balance with banks		
In current accounts	103.41	57.06
In EEFC accounts	92.12	73.66
	195.53	**130.72**
Other bank balances		
Margin money deposits*	59.31	15.65
Amount disclosed under non-current assets (refer note 14)	(59.31)	(15.65)
	-	-
	195.53	**130.72**

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

Note - 17 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Loans and advances to employees	164.81	202.68
Prepaid expenses	386.71	198.36
Balances with statutory/government authorities	17.60	-
Others		
Advance to suppliers	3.59	234.38
Minimum alternative tax ('MAT') credit entitlement	383.93	-
	956.64	**635.42**

Notes to the financial statements for the year ended March 31, 2016

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

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Unbilled revenue	1,580.89	2,114.63
Interest accrued but not due on bank deposits	3.91	2.01
Others	60.27	56.42
	1,645.07	**2,173.06**

Note - 19 REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Sale of products	1,681.64	4,503.56
Sale of services	27,942.65	26,063.51
	29,624.29	**30,567.07**
Details of products sold		
Sale of license	1,458.29	2,918.10
Sale of hardware and software	223.35	1,585.46
	1,681.64	**4,503.56**
Details of services rendered		
Implementation and customisation	3,524.39	3,728.70
Managed services	4,233.92	4,277.71
Support services	3,865.58	3,781.29
Sub-contracting services	16,287.40	14,192.75
Others	31.36	82.96
	27,942.65	**26,063.41**

Note - 20.1 OTHER INCOME

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Profit on sale of fixed assets (net)	-	1.19
Miscellaneous income	41.84	47.58
	41.84	**48.77**

Note - 20.2 INTEREST INCOME

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on		
Bank deposits	2.80	4.07
Inter-company loans and advances	189.84	170.09
	192.64	**174.16**

Notes to the financial statements for the year ended March 31, 2016

Note - 21 EMPLOYEE BENEFITS EXPENSE AND SUB-CONTRACT CHARGES

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and wages*	7,251.00	6,575.89
Contribution to provident and other funds (refer note 36)	354.11	375.46
Expense on Employee Stock Option Scheme	(44.38)	(9.68)
Staff welfare expenses	349.22	279.27
Sub-contract charges	131.49	184.88
	8,041.44	**7,405.82**

* net of reversal of provision no longer required, in respect of employee incentives amounting to ₹380.83 Lakhs (March 31, 2015: ₹134.87 Lakhs).

Note - 22 FINANCE COSTS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest expenses on		
Foreign currency convertible bonds (refer note 24[i])	2,276.33	3,352.21
Other borrowings	998.33	1,638.10
Bank charges	319.38	181.17
	3,594.04	**5,171.48**

Note - 23 OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Purchase of software	358.10	53.85
Rent	1,154.91	1,085.74
Power and fuel	190.36	208.95
Repairs and maintenance		
- Building	108.39	87.78
- Others	350.82	358.41
Insurance	85.08	122.39
Communication costs	106.34	94.32
Printing and stationery	21.95	19.30
Traveling and conveyance	1,489.60	1,507.18
Rates and taxes	105.68	72.35
Advertisement and business promotion	46.62	40.21
Consultancy charges	354.65	337.94
Payments to auditors (refer note 23[i])	95.91	97.10
Marketing and allied service charges	11,385.20	11,323.99
Sales commission (refer note 23[ii])	219.35	463.81
Provision for doubtful debts	(406.92)	1,147.73
Exchange fluctuation loss (net)	1,009.39	2,067.51
Directors' sitting fees	54.00	12.90
Provision for free support services	39.98	-
Loss on sale of fixed assets (net)	1.05	-
Miscellaneous expenses	6.46	7.33
	16,776.92	**19,108.79**

Notes to the financial statements for the year ended March 31, 2016

Note - 23 OTHER EXPENSES *(contd.)*

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
(i) Payments to auditors (net of service tax credit's recognised)*		
As auditor:		
Audit fee	85.00	88.00
Tax audit fee	4.00	1.50
In other capacity:		
Certification matters	2.50	1.50
Reimbursement of expenses	4.41	6.10
	95.91	**97.10**

* Previous year audit fee is paid to a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP.

(ii) Sales commission for the year ended March 31, 2016 is net of reversal of provision no longer required amounting to ₹107.68 Lakhs (March 31, 2015: H Nil).

Note - 24 EXCEPTIONAL ITEMS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
(i) FCCBs		
Reversal of interest accrued but not due pertaining to converted FCCBs [refer note 24(i)(a)]	10,415.53	-
Foreign exchange gain on FCCBs conversion (net) [refer note 24(i)(b)]	2,159.20	-
	12,574.73	-
(ii) Inter company balances (refer note 24[ii])		
Provision for doubtful advances	(1,959.76)	-
Provision for doubtful debts	(8,361.59)	-
Bad debts written off	(10,475.97)	-
	(20,797.32)	-
(iii) Others		
Provision for diminution in value of investment in subsidiary company (refer note 24[iii])	(5,490.00)	-
	(5,490.00)	-
	(13,712.59)	-

(i) (a) Interest accrued but not due pertaining to FCCBs III converted during the current year has been written back as the same is considered no longer payable due to the conversion of FCCBs III into equity shares of the Company (refer note 25 for details on FCCBs).

(i) (b) FCCBs III have been converted into equity shares at an exchange rate of ₹56.0545/US$ as per the FCCBs III trust deed, as against the closing rate on the date of conversion (in the range of ₹60 - ₹66) resulting in foreign exchange gain on conversion amounting to ₹7,715.50 Lakhs. Further, the Foreign Currency Monetary Item Translation Difference Account ('FCMITD') balance pertaining to FCCBs III converted into equity shares amounting to ₹5,556.30 Lakhs, has been charged off in the statement of profit and loss for the year ended March 31, 2016 on the date of conversion.

(ii) As at March 31, 2016, the Company has assessed the recoverability of its receivables and loans and advances from its overseas subsidiaries. Based on future operational plan, projected cash flows and the current financial position of these subsidiaries, the Company has made a provision of ₹8,361.59 Lakhs and ₹1,959.76 Lakhs towards trade receivables and loans and advances due from these subsidiaries. Further, the Company has also written off ₹10,475.97 Lakhs as bad debts towards trade receivables from these subsidiaries.

Note - 24 EXCEPTIONAL ITEMS *(contd.)*

(iii) As at March 31, 2016, the Company has assessed the carrying value of it's investment in its wholly owned subsidiary viz., Subex Americas Inc., of ₹12,495.74 Lakhs. Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made a provision of ₹5,490.00 Lakhs towards diminution, other than temporary, in the carrying value of its investment in the said subsidiary.

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/ US$

   ii) Conversion price : ₹656.20 per share

   iii) Redemption date : March 09, 2012

   iv) Premium payable on redemption : US$. 14.05 Million.

   v) Listing on the London Stock Exchange

   The bonds were available for conversion at any point in time during the period prior to the redemption date. During the year 2009-10, the Company presented to restructure the FCCBs I by offering a discount of ~30% on the face value of the existing bonds in return for new FCCBs ("FCCBs II") having a face value of US$ 126 Million.

   Pursuant to the offer, the FCCBs I Bondholders, with a face value of US$ 141 Million exchanged their bonds for new FCCBs with a face value of US$ 98.70 Million. The remaining FCCBs I bondholders holding bonds with a face value of US$ 39 Million (out of the original bondholders holding US$ 180 Million) did not choose the option for restructuring. The terms and conditions applicable for the new FCCB II bonds, for the US$ 98.70 Million face value, were as under:

   i) Interest rate : 5% p.a. payable semi annually

   ii) Exchange rate for conversion of FCCB : ₹48.17/ US$

   iii) Conversion price : ₹80.31 per share

   iv) Redemption date : March 09, 2012

   v) Premium payable on redemption : US$. 23.23 Million.

   vi) Listing on the Singapore Exchange Securities Trading Limited

   Both the bonds were initially redeemable on or by March 9, 2012, if not converted into equity shares as per terms of issue. Based on an approval received from the Reserve Bank of India and bond holders, the redemption date was extended to July 09, 2012.

   Out of the US$ 98.70 Million of FCCBs II, bonds having a face value of US$ 31.90 Million were converted into equity shares as of March 31, 2010 and bonds with a face value of US$ 12 Million were converted during the year ending March 31, 2011, retaining a closing balance of US$ 54.80 Million outstanding FCCBs II bonds.

b) Pursuant to the approval of the holders of "US$ 180 Million 2% convertible unsecured bonds", [of which US$ 39 Million was outstanding ("FCCBs I")] and "US$ 98.70 Million 5% convertible unsecured bonds", [of which US$ 54.80 Million was outstanding ("FCCBs II")], at their respective meetings held on July 5, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US$ 38 Million out of FCCBs I and US$ 53.40 Million out of FCCBs II offered their bonds for exchange and secured bonds with a face value of US$ 127.721 Million ("FCCBs III") were issued with maturity date of July 7, 2017. The Company has been legally advised that there is no tax incidence arising from the above restructuring.

Notes to the financial statements for the year ended March 31, 2016

Note - 25 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

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 : ₹56.0545/ US$

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

vii) Mandatory conversion of bonds with a face value of US$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.

c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US$ 180 Million convertible unsecured bonds and US$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US$ 1 Million and FCCBs II of face value US$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.

d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.

As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US$ 4.55 Million as at March 31, 2016 would potentially be converted into 19,619,075 equity shares at an exchange rate of ₹56.0545/US$ with a conversion price of ₹13 per equity share.

Subsequent to balance sheet date, conversion requests from the bondholders of FCCBs III amounting to US$ 0.45 Million have been received by the Company, which have been approved by the Board of Directors in the Board meeting dated April 28, 2016, and allotted 1,940,348 equity shares at an exchange rate of ₹56.0545/US$ with a conversion price of ₹13 per equity share.

e) (i) Of the outstanding FCCBs III of US$ 91.40 Million as of July 2012, US$ 86.85 Million have been converted till year ended March 31, 2016 as detailed below:

Financial year/ period	FCCBs converted US$ Million	Conversion rate per US$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610

Notes to the financial statements for the year ended March 31, 2016

Note - 25 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

(ii) The face value of FCCBs outstanding as on March 31, 2016 is as follows:

Particulars	As at March 31, 2016		As at March 31, 2015	
	US$ Million	₹ in Lakhs	US$ Million	in Lakhs
FCCBs I	1.00	662.55	1.00	625.00
FCCBs II	1.40	927.57	1.40	875.00
FCCBs III	4.55	3,014.60	81.53	50,956.25
Total	6.95	4,604.72	83.93	52,456.25

f) The FCCB bond holders in their respective meetings have approved the deferral of aggregate interest of US$ 0.92 Million (₹610.48 Lakhs) in respect of outstanding FCCBs III of USD 4.55 Million for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017. Accordingly, interest on FCCBs III included under finance costs in the statement of profit and loss to the extent of above deferrals is due for payment on July 07, 2017. These amounts have accordingly been categorised as long-term liabilities.

g) The premium payable on maturity of FCCB I and FCCB II has been accrued by charge to securities premium account, and exchange fluctuation on restatement of such outstanding balance is also adjusted with securities premium account.

h) Interest accrued but not due pertaining to FCCBs converted during the current year has been written back as the same is considered no longer payable due to the conversion of FCCBs III into equity shares of the Company, and FCMITD balance pertaining to converted bonds till the date of conversion has been charged off to the statement of profit and loss net of foreign exchange gain on account of conversion of these FCCBs into equity shares of the Company. These amounts have been disclosed as exceptional items, refer note 24(i) for details.

Note - 26

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 ('FCMITD') and are amortised over the balance period of such long term asset/ liability, and/or charged off on settlement/ conversion of such long term monetary foreign currency assets/ liabilities. Consequently, exchange fluctuation losses (net) arising on restatement of such items have been deferred to the extent of ₹376.63 Lakhs as at March 31, 2016 (March 31, 2015: ₹5,111.21 Lakhs).

Note - 27

The Company had remitted the withholding taxes in respect of FCCBs in accordance with the provisions of Income Tax Act, 1961 amounting to ₹1,016.81 Lakhs Pursuant to the conversion of FCCBs III in to equity shares of the Company, the interest accrued but not due has been reversed as the same is considered no longer payable. The management basis expert advice, is of the view that the withholding taxes paid by the Company is recoverable from income tax department and/or is adjustible against its other withholding taxes obligations. The management has initiated necessary steps for revision of withholding tax returns of prior years and accordingly, ₹204.98 Lakhs pertaining to withholding taxes on salary, professional services and others have not been paid.

Note - 28

As at March 31, 2016, the Company has trade receivables of ₹41,272.75 Lakhs (net of provision for doubtful debts of ₹11,287.42 Lakhs) from its subsidiaries and trade payables of ₹44,128.19 Lakhs to its subsidiaries. The management is in the process of filing necessary application with the Reserve Bank of India ('RBI') for settlement of these balances by setting off aforesaid trade payables against trade receivables. Pending filing of application with RBI and requisite approval from RBI, no adjustments have been made in these financial statements.

Notes to the financial statements for the year ended March 31, 2016

Note - 29

As at March 31, 2016, the Company has an investment of ₹64,738.68 Lakhs in its wholly owned subsidiary viz., Subex (UK) Limited. Considering the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management is of the view that, the carrying value of its aforesaid investment in Subex (UK) Limited as at March 31, 2016 is appropriate.

Note - 30 RELATED PARTY INFORMATION

i) Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Technologies Inc.

Subex Middle East (FZE)

ii) Related parties under AS 18 and as per Companies Act, 2013.

Key management personnel

Surjeet Singh	Managing Director and Chief Executive Officer
Ganesh KV	Chief Financial Officer, Global Head- Legal and Company Secretary

iii) Details of the transactions with the related parties during the year ended March 31, 2016:

(₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
I. Transactions with wholly owned subsidiaries		
Income from subcontracting services:		
Subex (UK) Limited	9,591.20	8,207.86
Subex Inc.	3,789.03	3,646.08
Subex (Asia Pacific) Pte. Limited	1,432.41	1,615.29
Subex Americas Inc.	1,363.08	723.52
Subex Middle East (FZE)	111.68	-
	16,287.40	14,192.75
Marketing and allied service charges:		
Subex (UK) Limited	5,424.12	5,838.72
Subex Inc.	5,123.71	4,641.62
Subex Americas Inc.	471.30	390.77
Subex (Asia Pacific) Pte. Limited	360.98	452.88
Subex Middle East (FZE)	4.90	-
Subex Technologies Limited	0.19	-
	11,385.20	11,323.99
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	189.84	170.09
	189.84	170.09

Notes to the financial statements for the year ended March 31, 2016

Note - 30 RELATED PARTY INFORMATION

(₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
Employee Stock Option expenses allocated to:		
Subex (UK) Limited	12.06	6.41
Subex Inc.	4.39	1.70
Subex (Asia Pacific) Pte. Limited	0.97	0.38
Subex Americas Inc.	-	0.01
	17.42	8.50
Reimbursement of expenses made to:		
Subex (Asia Pacific) Pte. Limited	38.92	15.23
Subex (UK) Limited	19.11	2.73
Subex Inc.	26.73	10.90
Subex Technologies Limited	-	6.07
	84.76	34.93
Reimbursement of expenses received from:		
Subex (Asia Pacific) Pte. Limited	586.51	2.50
Subex (UK) Limited	201.77	73.63
Subex Inc.	32.23	18.56
Subex Americas Inc.	0.76	-
	821.27	94.69
Provision for doubtful advances/debts:		
Subex Americas Inc.	2,929.63	928.67
Subex (UK) Limited	4.67	-
Subex Inc.	2,953.74	-
Subex (Asia Pacific) Pte. Limited	4,421.31	-
Subex Technologies Limited	12.00	6.76
	10,321.35	935.43
Bad debts written off/(written back):		
Subex (Asia Pacific) Pte. Limited	37.42	-
Subex Inc.	102.18	-
Subex (UK) Limited	395.68	-
Subex Americas Inc.	9,940.69	-
Subex Technologies Inc.	-	(55.36)
	10,475.97	(55.36)
Loans and advances given during the year		
Subex Technologies Limited	6.30	-
	6.30	-
II. Transactions with key managerial personnel		
Salary and perquisites*		
Surjeet Singh	16.26	15.26
Ganesh KV	67.40	69.14

* The remuneration to the key managerial personnel does not include the provisions/accruals made on best estimate basis as they are determined for the Company as a whole.

Notes to the financial statements for the year ended March 31, 2016

Note - 30 RELATED PARTY INFORMATION

iv) Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
I. Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. (net of provision of ₹3,407.59 Lakhs (March 31, 2015: ₹2,425.72 Lakhs)	7,165.52	17,392.30
Subex UK Limited (net of provision of ₹148.39 Lakhs (March 31, 2015: ₹143.72 Lakhs)	18,122.68	17,580.42
Subex Inc. (net of provision of ₹2,953.74 Lakhs (March 31, 2015: ₹Nil)	14,106.03	16,828.58
Subex (Asia Pacific) Pte. Limited (net of provision of ₹4,777.71 Lakhs (March 31, 2015: ₹356.40 Lakhs)	1,768.69	5,768.68
Subex Middle East (FZE)	109.82	-
	41,272.74	**57,569.98**
Trade payables		
Subex (UK) Limited	19,834.71	19,517.22
Subex Inc.	16,280.38	16,915.56
Subex (Asia Pacific) Pte. Limited	1,374.13	680.96
Subex Americas Inc.	6,633.28	6,133.76
Subex Technologies Limited	0.83	0.83
Subex Middle East (FZE)	4.86	-
	44,128.19	**43,248.33**
Loans and advances		
Subex Americas Inc.(net of provision of ₹1,947.76 Lakhs (March 31, 2015: ₹ Nil)	-	1,844.20
Subex Technologies Limited (net of provision of ₹1,717.67 Lakhs (March 31, 2015: ₹1,705.67 Lakhs)	-	5.70
	-	**1,849.90**
Outstanding guarantees taken from:		
Subex Technologies Limited	5,570.00	6,495.00
Subex (UK) Limited	5,570.00	6,495.00
	11,140.00	**12,990.00**

Note - 31 LOANS AND ADVANCES GIVEN TO SUBSIDIARIES

Disclosure as per Regulation 34(3) and Regulation 53(f) read with Para A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the listing agreement with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries: (₹ in Lakhs)

Name of the party	Relationship	March 31, 2016		March 31, 2015	
		Outstanding amount	Maximum balance outstanding during the year	Outstanding amount	Maximum balance outstanding during the year
Subex Americas Inc.*	Wholly Owned	1,947.76	1,947.76	1,844.20	1,844.20
Subex Technologies Ltd.**	Subsidiaries	1,717.67	1,717.67	1,711.37	1,711.37

* The Loans and advances to Subex Americas Inc., are fully provided in the current year (March 31, 2015: ₹ Nil)

** The Loans and advances to Subex Technologies Limited are provided for to the extent of ₹1,717.67 Lakhs (March 31, 2015 : ₹1,705.67 Lakhs)

Notes to the financial statements for the year ended March 31, 2016

Note - 32 SEGMENT REPORTING

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 - 33 COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Income tax demands (Note - [i])	4,915.20	5,930.13
Service tax demands (Note - [ii])	3,687.15	3,687.15
Others (Note - [iii])	1,293.44	1,293.44
Bank guarantees (furnished towards customers)	123.35	74.47

i. **Income tax**

The Company has received assessment orders for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2009, March 31, 2010, March 31, 2011 and March 31, 2012, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. **Service tax**

The Company has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account towards these tax demands.

iii. **Others**

The Company has received certain claims from ex-directors of the Company for an amount of ₹1,293.44 Lakhs. The aforesaid claims are disputed by the Company and these matters are presently under arbitration with the tribunal. The management is of the view that these claims are not tenable. The Company has also claimed the excess managerial remuneration of ₹123.80 Lakhs paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956, which has been treated as monies due from the directors, being held by them in trust for the Company, and other advances paid to such ex-directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2015: ₹233.80 Lakhs) is included in 'Long-term loans and advances' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Company does not have any other commitments as at balance sheet date except towards the operating lease as disclosed in note 34.

v. The Company has issued a comfort letter to provide continued financial support to its wholly owned subsidiary viz., Subex Americas Inc, to ensure that the entity is able to meet its debts, commitments and liabilities as they fall due and it continues as a going concern.

Notes to the financial statements for the year ended March 31, 2016

Note - 34 OPERATING LEASES

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses under non-cancellable operating leases amounted to ₹449.02 Lakhs and ₹ Nil for the year ended March 31, 2016 and March 31, 2015 respectively.

Future minimum lease payments under non-cancellable operating lease payable within one year from balance sheet date is ₹723.59 Lakhs (March 31, 2015: ₹ Nil).

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was ₹705.89 Lakhs and ₹1,085.74 Lakhs for the year ended March 31, 2016 and March 31, 2015 respectively.

Note - 35 EMPLOYEES STOCK OPTION PLAN (ESOP)

The Company during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes i.e. ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

The Company has obtained in-principle approval for listing of shares upto a limit as mentioned below.

ESOP II : 883,750 shares
ESOP III : 2,000,000 shares
ESOP IV : 2,000,000 shares

Employees' Stock Options details as on the balance sheet date are:

Particulars	2015 - 16		2014 - 15	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	1,925	67.00	2,975	67.00
ESOP – III	741,072	27.99	8,63,950	30.78
ESOP – IV	475,010	28.49	5,67,518	28.56
Cancelled, surrendered or lapsed during the year				
ESOP – II	1,925	-	1,050	-
ESOP – III	596,093	-	122,878	-
ESOP – IV	344,510	-	92,508	-
Options outstanding at the end of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	144,979	24.28	741,072	27.99
ESOP – IV	130,500	28.51	475,010	28.49
Options exercisable at the end of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	126,429	22.65	666,967	31.10
ESOP – IV	130,500	28.51	475,010	28.49

Notes to the financial statements for the year ended March 31, 2016

Note - 35 EMPLOYEES STOCK OPTION PLAN (ESOP)

Details of Weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date.

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15
ESOP – II	-	0.37	-	67
ESOP – III	1.49	1.16	10.26 -73.90	10.26 - 152
ESOP – IV	0.11	1.17	28.44 - 53.54	28.44 - 53.54

* considering vesting and exercise period

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 as below:

Particulars	As at March 31, 2016	As at March 31, 2015
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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

Particulars	March 31, 2016	March 31, 2015
Net loss for the year (as reported)	(13,195.44)	(2,840.01)
Less: Stock-based employee compensation expense reversals based on intrinsic value	(44.38)	(9.68)
Add: Stock-based employee compensation expense reversals based on fair value	119.62	27.49
Net loss - (pro forma)	**(13,120.20)**	**(2,822.20)**
Earnings/(loss) per share		
Basic & Diluted		
- As reported (₹ per share)	(4.54)	(1.65)
- Pro forma (₹ per share)	(4.52)	(1.64)

Note - 36 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 ₹261.42 Lakhs (March 31, 2015: ₹219.18 Lakhs) for Provident Fund contributions (excluding administration charges) and ₹0.08 Lakhs (March 31, 2015: ₹0.55 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. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the financial statements for the year ended March 31, 2016

Note - 36 EMPLOYEE BENEFIT PLANS

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amount recognised in the balance sheet.

(Amount in ₹ Lakhs except Assumptions)

Particulars	March 31, 2016	March 31, 2015
I. Components of employee benefits expense		
Current service cost	62.21	50.95
Interest cost	30.14	23.53
Expected return on plan assets	(4.94)	(3.62)
Actuarial losses / (gains)	5.04	85.42
Total expense recognized in the statement of profit and loss	92.45	156.28
II. Actual contribution and benefit payments for the year		
Actual benefit payments	79.17	52.60
Actual contributions	130.00	80.00
III. Net asset / (liability) recognized in balance sheet		
Present value of defined benefit obligation	(406.28)	(386.40)
Fair value of plan assets	115.49	58.29
Funded status [surplus / (deficit)]	(290.79)	(328.10)
Net asset / (liability) recognized in balance sheet	(290.79)	(328.10)
- Current	(32.43)	(7.95)
- Non current	(258.36)	(320.15)
IV. Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	386.40	280.70
Current service cost	62.21	50.95
Interest cost	30.14	23.53
Actuarial (gains) / losses	6.47	83.82
Benefits paid	(78.94)	(52.60)
Present value of defined benefit obligation at the end of the year	406.28	386.40
V. Change in fair value of assets during the year		
Plan assets at beginning of the year	58.29	28.88
Expected return on plan assets(estimated)	4.94	3.62
Actuarial gain / (loss)	1.43	(1.60)
Actual company contributions	130.00	80.00
Benefits paid	(79.17)	(52.60)
Plan assets at the end of the year	115.49	58.29
VI. Actual return on plan assets	6.37	2.02
VII. Expected contribution in the next year	120.00	100.00
VIII. Major categories of plan assets as a percentage of the fair value of total assets are:		
Investments with insurer	100%	100%
IX. Actuarial assumptions		
Discount rate	7.60%	7.80%
Expected return on plan assets	8.50%	8.50%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%

Notes to the financial statements for the year ended March 31, 2016

Note - 36 EMPLOYEE BENEFIT PLANS

Amounts for the current and previous four periods are as follows:

(₹ in Lakhs)

Particulars	Year ending				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation at the end of the year	(406.28)	(386.40)	(280.70)	(296.40)	(286.84)
Plan assets at the end of the year	115.49	58.29	28.88	7. 36	7.10
Funded status	(290.79)	(328.10)	(251.82)	(289.04)	(279.74)
Experience gain/(loss) adjustments on plan liabilities	(3.76)	1.09	(10.25)	11.31	54.12
Experience gain/(loss) adjustments on plan assets	1.43	(1.60)	0.51	(0.09)	0.31
Actuarial gain/(loss) due to change on assumptions	(2.71)	(84.91)	24.66	(42.73)	12.77

(i) The composition of the plan assets held under the funds managed by the insurer is as follows:

Fund Type	March 31, 2016 (%)	March 31, 2015 (%)
Government securities	39.54	43.31
Fixed deposits and other assets	60.46	56.69

(ii) 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.

(iii) 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.

(iv) 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.

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

Note - 37 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs except as otherwise indicated)

Particulars	March 31, 2016	March 31, 2015
Nominal value of equity shares (₹ per share)	10.00	10.00
Net loss after tax attributable to shareholders (A)	(13,195.44)	(2,840.01)
Weighted average number of equity shares used in computing EPS(B) (in Lakhs)	2,904.20	1,716.69
Loss per share – Basic and diluted (₹ per share) (A/B)*	(4.54)	(1.65)

* Foreign currency convertible bonds and Employee stock options outstanding as at March 31, 2016 and March 31, 2015 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

Note - 38 VALUE OF IMPORTS CALCULATED ON CIF BASIS (ACCRUAL BASIS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Cost of hardware	73.02	1,478.70
Capital goods	93.20	378.87
	166.22	1,857.57

Notes to the financial statements for the year ended March 31, 2016

Note - 39 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Marketing and allied service charges	11,385.01	11,323.99
Interest expense (net of reversals of ₹10,415.53 Lakhs) (March 31, 2015: Nil)	(8,189.23)	3,352.21
Travelling and conveyance	897.63	702.94
Purchase of software	253.62	39.79
Cost of hardware and software (net of reversals of ₹173.46 Lakhs) (March 31, 2015: ₹ Nil)	73.02	1,478.70
Sales commission	88.27	-
Others	237.98	195.82
	4,746.30	**17,093.45**

Note - 40 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue	27,794.14	29,451.56

Note - 41 UNHEDGED FOREIGN CURRENCY EXPOSURE

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 at the year end. The net foreign currency exposure that has not been hedged by derivative instruments or otherwise as at March 31, 2016 is ₹9,353.40 Lakhs (March 31, 2015: ₹ 46,608.80 Lakhs).

Note - 42 COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

(i) The Company purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

(ii) Cost of hardware, software and support charges for the year ended March 31, 2016 is net of reversal of provision no longer required amounting to ₹173.46 Lakhs (March 31, 2015: ₹ Nil).

Note - 43

The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2016 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the financial statements, particularly on account of tax expense and that of provision for taxation.

Note - 44

During the previous year, the Company has transferred the unclaimed dividend outstanding for a period more than 7 years of ₹1.31 Lakhs to Investor Education and Protection Fund.

Note - 45

The figures of the previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to the current year's classification.

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

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	7
Name of the subsidiary	Subex (Asia Pacific) Pte Ltd	Subex (UK) Limited	Subex Americas Inc.	Subex Incorporated	Subex Technologies Ltd	Subex Middle East	Subex Technologies Inc***
Reporting period of the subsidiary concerned	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016
Reporting currency	SGD	GBP	USD	USD	INR	AED	USD
Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	49.27	95.47	66.26	66.26	1.00	18.04	66.26
Share capital	0.00	40.60	38,274.10	0.00	400.00	27.06**	-
Reserves & surplus	(3,453.34)	9,564.26	(43,530.11)	(3,237.92)	(525.32)	11.72	(2,089.15)
Total assets	5,424.86	31,900.93	16,223.13	18,747.19	5.09	318.89	1.39
Total Liabilities	(8,878.17)	(22,296.07)	(22,613.86)	(21,984.43)	(130.40)	(280.11)	-
Investments	0	0	1	0	0	0	0
Turnover*	2,014.51	17,003.88	2,541.61	10,629.67	-	118.70	-
Profit before taxation	54.36	(4,834.07)	17,500.24	219.98	(3.36)	12.07	(1.56)
Profit after taxation	6.86	(5,098.82)	17,388.74	(98.55)	(0.46)	12.07	(1.56)
Proposed dividend	0	0	0	0	0	0	0
% of shareholding	100%	100%	100%	100%	100%	100%	100%
Date of Acquisition	23-Jun-06	23-Jun-06	1-Apr-07	23-Jun-06	28-Mar-05	25-Mar-15	12-Jan-00

* Turnover includes inter company transactions

** SME - Share Capital includes Share Application Money

*** Subex Technologies Inc. the wholly-owned subsidiary of Subex Technologies Limited has been dissolved vide certificate number 134399117, dated December 04, 2014, issued by the Department of Treasury of the State of New Jersey.

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Consolidated Financial Statement

INDEPENDENT AUDITOR'S 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"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of 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 requirement of the Companies Act, 2013 ("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 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated 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, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 controls 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 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 March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated 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, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of 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 of the Holding Company and its subsidiary company as on March 31, 2016 and taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in term of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – refer note 10 and 30 to the consolidated financial statements;

  ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

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

per **Sunil Bhumralkar**
Partner
Membership Number: 035141

Place of Signature: Bengaluru
Date: May 24, 2016

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Subex Limited

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

We have audited the internal financial controls over financial reporting of Subex Limited ("the Holding Company") and its subsidiary (which are companies incorporated in India), as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of Subex Limited and its subsidiary companies as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Sunil Bhumralkar**
Partner
Membership Number: 035141

Place of Signature: Bengaluru
Date: May 24, 2016

Consolidated Balance Sheet as at 31 March, 2016

(₹ in Lakhs)

	Notes	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	50,281.16	18,292.26
Reserves and surplus	4	22,418.77	2,611.76
		72,699.93	**20,904.02**
Non-current liabilities			
Long-term borrowings	5	4,339.52	57,768.75
Other long-term liabilities	6	610.48	9,319.76
Long-term provisions	7	295.47	320.16
		5,245.47	**67,408.67**
Current liabilities			
Short-term borrowings	8	10,395.74	12,506.54
Trade payables - other than acceptances			
- total outstanding dues of micro enterprises and small enterprises	9	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises	9	1,671.75	3,411.44
Other current liabilities	9	12,851.08	7,058.81
Short-term provisions	10	1,431.49	827.10
		26,354.89	**23,806.95**
Total		**104,300.29**	**112,119.64**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	647.60	708.93
Intangible assets	11	81.99	108.92
		729.59	**817.85**
Goodwill on consolidation (refer note 23 (iii) & 27)		76,772.22	85,642.22
Long-term loans and advances	12	2,941.47	2,983.11
Other non-current assets	13	238.56	751.92
		80,681.84	**90,195.10**
Current assets			
Trade receivables	14	11,148.15	10,859.88
Cash and bank balances	15	8,599.63	4,918.08
Short-term loans and advances	16	1,169.48	868.77
Other current assets	17	2,701.19	5,277.81
		23,618.45	**21,924.54**
Total		**104,300.29**	**112,119.64**
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Consolidated Statement of Profit & Loss for the year ended 31 March, 2016

(₹ in Lakhs)

		Notes	Year ended March 31, 2016	Year ended March 31, 2015
I	**Continuing operations**			
1	Income			
	Revenue from operations	18	32,335.47	35,983.31
	Other income	19.1	116.35	85.62
	Total income		**32,451.82**	**36,068.93**
2	Expenses			
	Cost of hardware, software and support charges	38	41.56	1,663.83
	Employee benefits expense and sub-contract charges	20	17,624.83	16,289.17
	Other expenses	22	8,243.18	9,540.89
	Total expenses		**25,909.57**	**27,493.89**
3	**Earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA) (1-2)**		6,542.25	8,575.04
4	Interest income	19.2	4.28	4.58
5	Finance costs	21	4,643.10	6,103.99
6	Depreciation and amortisation expense	11	427.49	402.04
7	**Profit before exceptional items and tax (3+4-5-6)**		**1,475.94**	**2,073.59**
8	Exceptional items (net)	23	5,674.85	-
9	**Profit before tax (7+8)**		**7,150.79**	**2,073.59**
10	**Tax expense**			
	Current tax expense		1,275.97	572.34
11	**Profit for the year from continuing operations (9-10)**		**5,874.82**	**1,501.25**
II	**Discontinuing operations**			
12	Loss before tax from discontinuing operations	32	(5.23)	(474.18)
13	Tax expense/ (expense reversal) of discontinuing operations	32	(2.90)	5.62
14	**Loss from discontinuing operations (12-13)**		**(2.33)**	**(479.80)**
III	**Total operations**			
15	**Profit for the year (11+14)**		**5,872.49**	**1,021.45**
16	Earnings per equity share (nominal value of share ₹10 (March 31, 2015: ₹10))			
	Basic and diluted	35		
	Continuing operations		2.02	0.87
	Total operations		2.02	0.59
Corporate information and significant accounting policies		1 & 2		
The accompanying notes are an integral part of the financial statements				

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Consolidated Cash Flow Statement for the year ended 31 March, 2016

(₹ in Lakhs)

		Year ended March 31, 2016	Year ended March 31, 2015
A	**Cash flow from operating activities**		
	Profit before tax and after exceptional items from continuing operations	7,150.79	2,073.59
	Loss before tax and after exceptional items from discontinued operations	(5.23)	(474.18)
	Profit before tax and after exceptional items	**7,145.56**	**1,599.41**
	Adjustments:		
	Depreciation and amortisation expense	427.49	402.04
	Provision for doubtful debts	(439.03)	577.47
	Loss on impairment of goodwill (exceptional item)	8,870.00	-
	Gain on Employee Stock Option Scheme	(61.80)	(18.19)
	Finance costs (including exceptional items)	(7,741.64)	6,104.63
	Interest income	(4.45)	(4.58)
	Loss/ (profit) on sale of fixed assets (net)	0.34	(1.62)
	Unrealized foreign exchange (gain)/ loss (net)	(1,130.38)	279.08
	Operating profit before working capital changes	**7,066.09**	**8,938.24**
	Movement in working capital:		
	Increase/ (decrease) in trade payables	(2,377.12)	805.36
	Increase/ (decrease) in provisions	62.76	94.83
	Increase/ (decrease) in other liabilities	(48.58)	(779.89)
	Decrease/ (increase) in trade receivables	340.60	(1,440.92)
	Decrease/ (increase) in loans and advances	117.70	(164.18)
	Decrease/ (increase) in other assets	2,629.06	(164.27)
	Cash generated from operations	**7,790.51**	**7,289.17**
	Taxes paid (net)	(1,152.14)	(907.09)
	Net cash flow from operating activities	**6,638.37**	**6,382.08**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(326.06)	(631.13)
	Proceeds from sale of fixed assets	1.23	9.36
	Movement in bank deposits (net)	485.65	(245.19)
	Interest received	2.38	11.06
	Net cash flow from/ (used) in investing activities	**163.20**	**(855.90)**

Consolidated Cash Flow Statement for the year ended 31 March, 2016 (*contd.*)

(₹ in Lakhs)

			Year ended March 31, 2016	Year ended March 31, 2015
C	**Cash flow from financing activities**			
	Movement in working capital loans (net)		(2,263.50)	(2,437.05)
	Interest paid		(1,372.27)	(2,249.25)
	Dividends paid (refer note 40)		-	(1.31)
	Net cash flow used in financing activities		**(3,635.77)**	**(4,687.61)**
	Net increase in cash and cash equivalents (A+B+C)		**3,165.80**	**838.57**
	Effect of exchange rate changes		515.75	(227.13)
	Cash and cash equivalents at the beginning of the year		4,918.08	4,306.64
	Cash and cash equivalents at the end of the year		**8,599.63**	**4,918.08**
	Components of cash and cash equivalents			
	Cash on hand		0.82	0.77
	Balance with banks:			
	in current accounts		8,506.69	4,843.65
	in EEFC accounts		92.12	73.66
	Total cash and cash equivalents (note 15)		**8,599.63**	**4,918.08**
Corporate information and significant accounting policies		1&2		
The accompanying notes are an integral part of the financial statements				

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

Notes to the financial statements for the year ended March 31, 2016

Note - 1 CORPORATE INFORMATION

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

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

Note - 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 in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements have been prepared on an 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 have been prepared on the following basis:

(i) The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheets, the statements of profit and loss and the cash flow statements of the Company and its subsidiaries. All inter company transactions, balances and unrealised surplus and deficit on transactions between the entities in the Group are eliminated unless cost cannot be recovered.

(ii) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiary companies were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as ' Capital Reserve' and shown in ' Reserves and 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.

(iii) The consolidated financial statements have been prepared using uniform 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.

(iv) 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, 2016.

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

Notes to the financial statements for the year ended March 31, 2016

Name of the entity (wholly owned subsidiary)	Country of Incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary as at	
			March 31, 2016	March 31, 2015
Subex Americas Inc.	Canada	Subex Limited	100	100
Subex (UK) Limited	United Kingdom	Subex Limited	100	100
Subex Inc.	United States of America	Subex (UK) Limited	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	Subex (UK) Limited	100	100
Subex Technologies Limited	India	Subex Limited	100*	100*
Subex Technologies Inc.	United States of America	Subex Technologies Limited	**	**
Subex Azure Holdings Inc.	United States of America	Subex Americas Inc.	100***	100***
Subex Middle East, FZE	United Arab Emirates	Subex Limited	100#	100#

* The Group has discontinued the operations of Subex Technologies Limited with effect from April 01, 2013. Refer note 32 for details of discontinued operations.

** Subex Technologies Inc. the wholly owned subsidiary of Subex Technologies Limited has been dissolved vide certificate number 134399117, dated December 04, 2014, issued by the Department of Treasury of the State of New Jersey.

*** Subex Azure Holdings Inc. does not have operations during the current and previous years.

\# Subex Middle East (FZE) was incorporated on February 03, 2015.

III Use of estimates

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

IV Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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

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

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

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

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

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

Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

V Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the tangible fixed asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing tangible fixed asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repairs and maintenance expenditure are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable tangible fixed assets are adjusted to the cost of the respective tangible fixed assets and depreciated over the remaining useful life of such tangible fixed assets. In accordance with MCA circular dated August 09, 2012, exchange difference adjusted to the cost of tangible fixed asset is the total difference, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable tangible fixed asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

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

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, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the intangible asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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 intangible 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 intangible asset reliably, in which case such expenditure is added to the cost of the asset.

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

Notes to the financial statements for the year ended March 31, 2016

VII Depreciation and amortisation

Depreciation on tangible fixed assets:

Depreciable amount for tangible fixed assets is the cost of the tangible fixed asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets is calculated on a straight-line method based on the useful lives estimated by the management. And, the individual tangible fixed assets costing less than ₹5,000 are depreciated in full, in the year of purchase.

The Group has used the following useful lives to provide depreciation on its tangible fixed assets:

	Useful lives estimated by the management	Useful lives as per Companies Act. 2013
Computer hardware	3 years	3 years
Furniture and fixtures*	5 years	10 years
Vehicles*	5 years	10 years
Office equipment's *	5 years	3 years

* Based on an internal evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these tangible fixed assets. Hence, the useful lives for these tangible fixed assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act 2013.

Amortisation of intangible assets:

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Group uses a rebuttable assumption that the useful life of an intangible asset will not exceed ten years from the date when the intangible asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Group amortises the intangible asset over the best estimate of its useful life.

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

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

Computer software	4 years
Goodwill	5 years
Intellectual property rights	5 years

VIII 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 of leased asset and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to achieve a constant periodic rate of interest on the outstanding liability for each year. Finance charges are recognised as finance costs in the consolidated statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

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

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

IX **Impairment of tangible and intangible assets**

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

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

The impairment loss is recognised as an expense in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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

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

X **Employee share based payments**

The Group has formulated Employee Stock Option Schemes (ESOS) for employees of the Group in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the *Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments*, the cost of equity settled transactions is measured using the intrinsic value method. 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.

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 regulations, the intrinsic value is amortised on a straight line basis over the vesting period i.e. the Cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Notes to the financial statements for the year ended March 31, 2016

XI Employee benefits

Employee benefits include provident fund, gratuity, employee state insurance and compensated absences.

(a) Defined contribution plans:

The Group's contribution to provident fund, pension 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. These contributions are paid/payable in accordance with the applicable laws and regulations.

(b) Defined benefit plans:

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

(c) Short-term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(d) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

XII Foreign currency transactions and translation

Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion:

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

Exchange differences:

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

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

   For the purpose of 2 and 3 above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

   The Group 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.

Translation of integral and non-integral foreign operation:

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Statement of profit and loss of non-integral foreign operations are translated at average exchange rates which approximate to the exchange rates on the dates of transactions. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated Foreign Currency Translation Reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

XIII Taxes on income

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT payment which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group 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 benefits associated with it will flow to the Group and can be measured reliably, MAT credit is recognised in accordance with *the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement".

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

Notes to the financial statements for the year ended March 31, 2016

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

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

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

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

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

XIV Cash and cash equivalents

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

XV Provisions and contingencies

Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

XVI 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.

XVII Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

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

XVIII 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.

XIX Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Group does not include depreciation and amortisation expense, interest income, finance costs and tax expense.

Notes to the financial statements for the year ended March 31, 2016

Note - 3 SHARE CAPITAL

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Authorised shares (no.)		
545,040,000 (March 31, 2015 : 495,040,000) equity shares of ₹10 each	54,504.00	49,504.00
200,000 (March 31, 2015: 200,000) preference shares of ₹98 each	196.00	196.00
	54,700.00	49,700.00
Issued, subscribed and fully paid-up shares (no.)		
502,811,646 (March 31, 2015: 182,922,575) equity shares of ₹10 each	50,281.16	18,292.26
	50,281.16	18,292.26

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2016		March 31, 2015	
	No.	₹ in Lakhs	No.	₹ in Lakhs
At the beginning of the year*	182,922,575	18,292.26	166,639,962	16,664.00
Issued during the year - Conversion of FCCBs (refer note 24(e))	319,889,071	31,988.90	16,282,613	1,628.26
Outstanding at the end of the year	**502,811,646**	**50,281.16**	**182,922,575**	**18,292.26**

* includes 243,207 (March 31, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(b) Terms/ right attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2015: ₹ Nil)

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by each shareholder (together with Persons Acting in Concert[PAC]) holding more than 5% shares in the Company

Name of Shareholder	March 31, 2016		March 31, 2015	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹10 each fully paid				
QVT Mauritius West Fund & Quintessence Mauritius West Fund	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	21,559,422	4.29	10,892,721	6.01
Merill Lynch Capital Markets Espana SA SV	4,311,884	0.86	10,192,621	5.62
Nomura Singapore Limited	881,257	0.18	10,234,433	5.64
Suffolk (Mauritius) Limited & Mansfield(Mauritius) Limited	-	-	17,372,221	9.58

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) **Shares reserved for issue under options (no.)**

As at March 31, 2016, 20,801,449 shares (March 31, 2015: 202,656,863) were reserved for issuance as follows:

(i) Nil shares (March 31, 2015: 1,925 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2000' granted/available for grant. Refer note 33

(ii) 144,979 shares (March 31, 2015 : 741,072 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2005' granted / available for grant. Refer note 33

(iii) 130,500 shares (March 31, 2015: 475,010 shares) of ₹10 each towards outstanding employee stock options scheme under 'ESOP 2008' granted / available for grant. Refer note 33

(iv) 67,174 shares (March 31, 2015: 67,174 shares) of ₹10 each towards conversion of foreign currency convertible bonds(FCCB I) available for conversion. Refer note 24

(v) 839,721 shares (March 31, 2015: 839,721 shares) of ₹10 each towards conversion of foreign currency convertible bonds (FCCB II) available for conversion. Refer note 24

(vi) 19,619,075 shares (March 31, 2015: 200,531,961 shares) of ₹10 each towards conversion of foreign currency convertible bond (FCCB III) available for conversion. Refer note 24

(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:**

	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid-up pursuant to contract (no.)* (In accordance with the terms of FCCBs III, out of the principal face value of US$ 127.72 Million (₹71,592.81 Lakhs), an amount of US$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012.	89,335,462	89,335,462

* also refer note 24(e) regarding conversion of FCCBs III into equity shares of the Company.

Note - 4 RESERVES AND SURPLUS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
General reserve	**1,779.76**	**1,779.76**
Securities premium account		
Balance as per last financial statements	12,619.50	10,561.61
Add : Additions during the year on conversion of FCCBs	11,161.84	2,082.55
Less: Adjustment towards accrual for redemption premium on FCCBs (net)	(35.82)	(24.66)
Closing balance	**23,745.52**	**12,619.50**
Share options outstanding account		
Balance as per last financial statements	78.10	98.96
Less : Compensation on ESOP cancelled/lapsed during the year	(62.15)	(20.42)
Add/ (less) : Deferred stock compensation expenses	0.35	(0.44)
Closing balance	**16.30**	**78.10**
Foreign currency monetary item translation difference account (refer note 25)		
Balance as per last financial statements (debit)	(5,111.21)	(5,801.74)
Add: Effect of foreign exchange rate variation during the year	(3,001.68)	(2,355.55)
Less: Amortisation for the year	7,736.26	3,046.08
Closing balance	**(376.63)**	**(5,111.21)**
Exchange reserve on consolidation		
Balance as per last financial statements	(8,438.50)	(6,610.14)
Add: Effect of foreign exchange rate variations during the year	(1,864.28)	(1,828.36)
Closing balance	**(10,302.78)**	**(8,438.50)**

Notes to the financial statements for the year ended March 31, 2016

Note - 4 RESERVES AND SURPLUS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Surplus in the consolidated statement of profit and loss		
Balance as per last financial statements	1,684.11	672.12
Add: Profit for the year	5,872.49	1,021.45
Less: Transitional adjustment on depreciation (refer note 11)	-	(9.46)
Closing balance	**7,556.60**	**1,684.11**
Total reserves and surplus	**22,418.77**	**2,611.76**

Note - 5 LONG-TERM BORROWINGS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Bonds		
Foreign currency convertible bonds (refer note 24 for details of security and other terms)		
Secured	3,014.52	50,956.17
Unsecured	-	1,500.08
Term loans		
Unsecured (refer note 5[i])	1,325.00	5,312.50
	4,339.52	**57,768.75**

(i) Represents loan taken by Subex Americas Inc, which has been guaranteed by Subex (UK) Limited. The repayment terms vary from 17-28 months. During the year ended March 31, 2016, the loan carried an interest rate of 10.5% (March 31, 2015: 10.5%) compounded semi-annually. Refer note 23(ii) for further details.

Note - 6 OTHER LONG-TERM LIABILITIES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Accrual for premium payable on redemption of bonds (refer note 24)	-	596.25
Interest accrued but not due on borrowings (refer note 24[f])	610.48	8,721.28
Rent equalisation reserve	-	2.23
	610.48	**9,319.76**

Note - 7 LONG-TERM PROVISIONS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for gratuity (refer note 34[b])	295.47	320.16
	295.47	**320.16**

Note - 8 SHORT-TERM BORROWINGS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand from banks (Secured)		
Loan type I (refer note 8[i] and [iii])	6,045.73	6,906.14
Loan type II (refer note 8[i], [ii] and [iii])	4,350.01	5,600.40
	10,395.74	**12,506.54**

Notes to the financial statements for the year ended March 31, 2016

Note - 8 SHORT-TERM BORROWINGS

(i) The secured loan type I and II from banks are secured by primary charge on trade receivables of the Company and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company, collateral paripassu first charge along with other working capital lenders and FCCB holders to the extent of the FCCB III repayment fund to be set up with the working capital lenders.

(ii) The Subex Limited has also submitted a corporate guarantee by Subex Technologies Limited of ₹5,570.00 Lakhs (March 31, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹5,570.00 Lakhs (March 31, 2015: ₹6,495.00 Lakhs) and pledged it's 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹1,762.89 Lakhs (March 31, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹3,945.39 Lakhs (March 31, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,687.46 Lakhs (March 31, 2015 : ₹5,402.71 Lakhs), which carried an average interest rate of 12.91%, 4.05% and 5.89% (March 31, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Note - 9 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises [refer note 9(i)]	4.83	3.06
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,671.75	3,411.44
	1,676.58	**3,414.50**
Other current liabilities		
Current maturities of long-term borrowings (refer note 9(ii))	8,215.70	2,187.50
Accrual for premium payable on redemption of bonds (refer note 24)	632.07	-
Interest accrued but not due on borrowings	44.69	1,047.80
Employee related liabilities	1,604.77	1,848.64
Unearned revenue	1,087.30	901.53
Other payables		
Statutory remittances (refer note 26)	1,139.34	1,042.30
Rent equalisation reserve	70.22	31.04
Others	56.99	-
	12,851.08	**7,058.81**

(i) Details of dues to micro and small enterprises:

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

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	0.06

Notes to the financial statements for the year ended March 31, 2016

Note - 9 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

ii) Current maturities of long term borrowings consists of ₹1,590.20 Lakhs (March 31, 2015: ₹ Nil) of outstanding FCCBs and ₹6,625.50 Lakhs (March 31, 2015: ₹2,187.50 Lakhs) of term loans with a maturity period less than 12 months as at Balance Sheet date. refer note 5 long term borrowings for further details.

Note - 10 SHORT-TERM PROVISIONS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for compensated absences	511.63	415.75
Provision for gratuity (refer note 34[b])	41.98	26.75
Other provisions		
Provision for litigations [net of tax deducted at source ₹62.29 Lakhs (March 31, 2015: ₹62.14 Lakhs)] (refer note 10[i])	261.97	262.12
Provision for foreign taxes	349.78	-
Minimum alternative tax ('MAT') payable [net of tax deducted at source ₹201.82 Lakhs (March 31, 2015: Nil)]	182.12	-
Provision for tax [net of advance tax ₹651.99 Lakhs (March 31, 2015: ₹689.92 Lakhs)]	84.01	121.66
Provision for wealth tax	-	0.82
	1,431.49	827.10

(i) Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year.

The space has been intentionally left blank

Note - 11 FIXED ASSETS

(₹ in Lakhs)

	Tangible assets						Intangible assets				Grand Total
	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improve-ments	Total	Computer software	Goodwill	Intellectual property rights	Total	
Cost											
At April 01, 2014	5,070.48	132.95	30.80	573.38	207.60	6,015.21	938.69	137.67	2,534.19	3,610.55	9,625.76
Additions	468.42	12.90	-	57.43	-	538.75	92.38	-	-	92.38	631.13
Exchange differences	(109.78)	(2.93)	-	(18.74)	(15.19)	(146.64)	1.28	-	-	1.28	(145.36)
Disposals	(1,266.47)	(49.19)	-	(301.50)	(143.99)	(1,761.15)	(53.99)	-	-	(53.99)	(1,815.14)
At March 31, 2015	4,162.65	93.73	30.80	310.57	48.42	4,646.17	978.36	137.67	2,534.19	3,650.22	8,296.39
Additions	281.63	6.43	0.68	15.72	-	304.46	21.60	-	-	21.60	326.06
Disposals	(1,128.86)	(3.89)	-	(35.48)	-	(1,168.23)	(280.28)	-	-	(280.28)	(1,448.51)
Exchange differences	91.60	1.28	-	3.66	1.58	98.12	12.76	-	-	12.76	110.88
At March 31, 2016	3,407.02	97.55	31.48	294.47	50.00	3,880.52	732.44	137.67	2,534.19	3,404.30	7,284.82
Depreciation											
At April 01, 2014	4,576.76	127.48	30.51	540.46	207.60	5,482.81	873.26	137.67	2,534.19	3,545.12	9,027.93
Adjustments (refer note 11[ii])	9.46	-	-	-	-	9.46	-	-	-	-	9.46
Exchange differences	(117.96)	(2.93)		(18.59)	(15.19)	(154.67)	1.18			1.18	(153.49)
Charge for the year	332.52	2.79	0.03	17.71	-	353.05	48.99	-	-	48.99	402.04
Disposals	(1,261.82)	(49.19)	-	(298.41)	(143.99)	(1,753.41)	(53.99)	-	-	(53.99)	(1,807.40)
At March 31, 2015	3,538.96	78.15	30.54	241.17	48.42	3,937.24	869.44	137.67	2,534.19	3,541.30	7,478.54
Charge for the year	351.38	5.12	0.16	22.05	-	378.71	48.78	-	-	48.78	427.49
Disposals	(1,128.86)	(3.89)	-	(34.61)	-	(1,167.36)	(280.28)	-	-	(280.28)	(1,447.64)
Exchange differences	79.96	0.67	-	2.12	1.58	84.33	12.51	-	-	12.51	96.84
At March 31, 2016	2,841.44	80.05	30.70	230.73	50.00	3,232.92	650.45	137.67	2,534.19	3,322.31	6,555.23
Net block											
At March 31, 2015	623.69	15.58	0.26	69.40	-	708.93	108.92	-	-	108.92	817.85
At March 31, 2016	565.58	17.50	0.78	63.74	-	647.60	81.99	-	-	81.99	729.59

Notes:

(i) Refer note 8 for the assets given as security.

(ii) During the year ended March 31, 2015, the Group has revised certain estimates of economic useful lives 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 consequently, the loss for the year being higher by ₹77.12 Lakhs (March 31, 2015: ₹82.76 Lakhs). The Group has in accordance with the transitional provisions available, adjusted ₹Nil (March 31, 2015: ₹9.46 Lakhs) to retained earnings representing the value of assets whose economic useful lives was Nil as of April 01, 2014.

Notes to the financial statements for the year ended March 31, 2016

Note - 12 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Security deposits	775.32	801.47
Other loans and advances		
Advance recoverable from former directors (refer note 30[iii])	233.80	233.80
Advance income taxes [net of provision for taxation ₹622.15 Lakhs (March 31, 2015: ₹581.57 Lakhs)]	1,665.45	1,680.94
Balances with statutory/government authorities*	266.90	266.90
	2,941.47	**2,983.11**

* Balances with statutory/ government authorities represent service tax erroneously paid by the Company during the financial year 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Note - 13 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Long-term trade receivables (unsecured)		
Considered good	2,956.13	5,317.63
Less: Provision for doubtful trade receivables*	(2,956.13)	(5,317.63)
	-	-
Interest accrued but not due on bank deposits (refer note 15[ii])	0.89	-
Non current bank balance (refer note 15)	237.67	751.92
	238.56	**751.92**

* During the year ended March 31, 2016, the Company has written off bad debts amounting to ₹1,975.31 Lakhs (March 31, 2015: ₹ Nil).

Note - 14 TRADE RECEIVABLES (Unsecured, considered god)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	3,234.63	494.77
Other receivables		
Considered good	7,913.52	10,365.11
	11,148.15	**10,859.88**

Notes to the financial statements for the year ended March 31, 2016

Note - 15 CASH AND BANK BALANCES

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents		
Balance with banks		
In current accounts	8,506.69	4,843.65
In EEFC accounts	92.12	73.66
Cash on hand	0.82	0.77
Other bank balances		
Margin money deposits (refer note 15[i])	237.42	751.92
Restricted bank balance (refer note 15[ii])	0.25	-
Less: Amount disclosed under non-current assets (refer note 13)	(237.67)	(751.92)
	8,599.63	**4,918.08**

(i) Represents the margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the balance sheet date.

(ii) Relates to balance of Subex Technologies Limited, which has been attached by the Income Tax Department towards certain Income Tax dues.

Note - 16 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Loans and advances to employees	198.78	329.69
Prepaid expenses	527.92	286.17
Balances with statutory/government authorities	17.60	-
Others		
Advance to suppliers	41.25	252.91
Minimum alternative tax ('MAT') credit entitlement	383.93	-
	1,169.48	**868.77**

Note - 17 OTHER CURRENT ASSETS (Unsecured, considered good)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Unbilled revenue	2,629.90	5,268.03
Interest accrued but not due on bank deposits	4.06	2.88
Others	67.23	6.90
	2,701.19	**5,277.81**

Notes to the financial statements for the year ended March 31, 2016

Note - 18 REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Sale of products	3,117.51	5,858.73
Sale of services	29,217.96	30,124.58
	32,335.47	**35,983.31**
Details of products sold		
Sale of license	2,873.47	4,215.32
Sale of hardware and software	244.04	1,643.41
	3,117.51	**5,858.73**
Details of services rendered		
Implementation and customisation	6,599.99	7,011.60
Managed services	11,334.29	12,036.29
Support services	11,200.45	10,926.89
Others	83.23	149.80
	29,217.96	**30,124.58**

Note - 19.1 OTHER INCOME

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Profit on sale of fixed assets (net)	-	1.62
Liabilities no longer required written back	-	6.85
Miscellaneous income	116.46	84.37
	116.46	**92.84**
Less: Other income from discontinuing operations (refer note 32)	(0.11)	(7.22)
	116.35	**85.62**

Note - 19.2 INTEREST INCOME

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on		
Bank deposits	4.45	4.58
	4.45	**4.58**
Less: Interest income from discontinuing operations (refer note 32)	(0.17)	-
	4.28	**4.58**

Note - 20 EMPLOYEE BENEFITS EXPENSE AND SUB-CONTRACT CHARGES

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and wages*	14,237.88	13,123.00
Contribution to provident fund and other funds (refer note 34)	1,284.49	1,308.56
Expense on Employee Stock Option Scheme	(61.80)	(18.19)
Staff welfare expenses	608.75	511.18
Sub-contract charges	1,555.51	1,451.00
	17,624.83	16,375.55
Less: Employee benefit expense and sub-contract charges from discontinuing operations (refer note 32)	-	(86.38)
	17,624.83	**16,289.17**

* net of reversal of provision no longer required, in respect of employee incentives amounting to ₹1,064.70 Lakhs (March 31, 2015: ₹1,191.11 Lakhs).

Notes to the financial statements for the year ended March 31, 2016

Note - 21 FINANCE COSTS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest expenses on		
Foreign currency convertible bonds (refer note 23[i])	2,276.33	3,352.21
Interest on term loans	973.63	850.06
Other borrowing cost	998.33	1,638.10
Bank charges	395.72	264.26
	4,644.01	**6,104.63**
Less: Finance costs from discontinuing operations (refer note 32)	(0.91)	(0.64)
	4,643.10	**6,103.99**

Note - 22 OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Purchase of software	360.44	62.02
Rent	1,768.08	2,027.52
Power and fuel	208.83	234.76
Repairs and maintenance		
- Buildings	153.11	191.90
- Others	515.97	595.11
Insurance	104.13	147.11
Communication costs	354.82	331.71
Printing and stationery	31.52	28.50
Travelling and conveyance	2,711.42	2,627.56
Rates and taxes	156.44	135.11
Advertisement and business promotion	290.45	331.35
Consultancy charges	685.71	696.83
Payments to auditors (refer note 22[i])	158.13	155.83
Sales commission (refer note 22[ii])	228.02	521.95
Provision for doubtful debts	(439.03)	577.47
Provision for free support services	56.99	-
Exchange fluctuation loss (net)	827.15	1,250.09
Director sitting fees	59.13	12.90
Loss on sale of fixed assets (net)	0.34	-
Miscellaneous expenses	16.13	7.55
	8,247.78	**9,935.27**
Less: Other expenses from discontinuing operations (refer note 32)	(4.60)	(394.38)
	8,243.18	**9,540.89**

Notes to the financial statements for the year ended March 31, 2016

Note - 22 OTHER EXPENSES *(contd.)*

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
(i) Payments to auditors (net of service tax credit's recognised)*		
(a) Statutory auditors*		
As auditor:		
Audit fee	87.00	90.00
Tax audit fee	4.00	1.50
In other capacity:		-
Certification matters	2.50	1.50
Reimbursement of expenses	4.41	6.10
	97.91	**99.10**
(b) Other auditors for the subsidiaries		
As auditor:		
Audit fee	57.00	55.49
Reimbursement of expenses	3.43	1.24
	60.43	**56.73**

* Previous year audit fee is paid to a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP.

(ii) Sales commission for the year ended March 31, 2016 is net of reversal of provision no longer required amounting to ₹213.77 Lakhs (March 31, 2015: ₹ Nil).

Note - 23 EXCEPTIONAL ITEMS

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
(i) FCCBs		
Reversal of interest accrued but not due pertaining to converted FCCBs [refer note 23(i)(a)]	10,415.53	-
Foreign exchange gain on FCCBs conversion (net) [refer note 23(i)(b)]	2,159.20	-
	12,574.73	-
(ii) Reversal of interest accrued but not due pertaining to term loans (refer note 23[ii])	1,970.12	-
(iii) Loss on impairment of goodwill (refer note 23[iii])	(8,870.00)	-
	(6,899.88)	-
	5,674.85	-

(i) (a) Interest accrued but not due pertaining to FCCBs III converted during the current year has been written back as the same is considered no longer payable due to the conversion of FCCBs III into equity shares of the Company (refer note 24 for details on FCCBs).

(i) (b) FCCBs III have been converted into equity shares at an exchange rate of ₹56.0545/US$ as per the FCCBs III trust deed, as against the closing rate on the date of conversion (in the range of ₹60 - ₹66) resulting in foreign exchange gain on conversion amounting to ₹7,715.50 Lakhs. Further, the Foreign Currency Monetary Item Translation Difference Account ('FCMITD') balance pertaining to FCCBs III converted into equity shares amounting to ₹5,556.30 Lakhs, has been charged off in the consolidated statement of profit and loss for the year ended March 31, 2016 on the date of conversion.

(ii) During the year ended March 31, 2016, certain lenders of term loans have waived interest liability outstanding till March 26, 2016 and interest liability accruing thereafter upto August 22, 2016, pursuant to the interest waiver agreement dated March 26, 2016 subject to the fulfilment of certain conditions. Consequent to fulfilment of such conditions, the accrued interest of US$ 2.9 Million (₹1,970.12 Lakhs) on outstanding term loan balance of US$ 12 Million (₹7,950.60 Lakhs) as at March 31, 2016 has been written back, as the same is no longer payable. Further, pursuant to the aforesaid agreement, the interest rate has been revised from the existing interest rate of 10.5% per annum to 5% per annum, effective August 22, 2016.

(iii) As at March 31, 2016, the Company has assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex Americas Inc., amounting to ₹18,606.00 Lakhs. Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹8,870.00 Lakhs towards the carrying value of goodwill relating to its investment in the said subsidiary.

Note - 24 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/ US$

ii) Conversion price : ₹656.20 per share

iii) Redemption date : March 09, 2012

iv) Premium payable on redemption : US$. 14.05 Million.

v) Listing on the London Stock Exchange

The bonds were available for conversion at any point in time during the period prior to the redemption date. During the year 2009-10, the Company presented to restructure the FCCBs I by offering a discount of ~30% on the face value of the existing bonds in return for new FCCBs ("FCCBs II") having a face value of US$ 126 Million.

Pursuant to the offer, the FCCBs I Bondholders, with a face value of US$ 141 Million exchanged their bonds for new FCCBs with a face value of US$ 98.70 Million. The remaining FCCBs I bondholders holding bonds with a face value of US$ 39 Million (out of the original bondholders holding US$ 180 Million) did not choose the option for restructuring. The terms and conditions applicable for the new FCCB II bonds, for the US$ 98.70 Million face value, were as under :

i) Interest rate : 5% p.a. payable semi annually

ii) Exchange rate for conversion of FCCB : ₹48.17/ US$

iii) Conversion price : ₹80.31 per share

iv) Redemption date : March 09, 2012

v) Premium payable on redemption : US$. 23.23 Million.

vi) Listing on the Singapore Exchange Securities Trading Limited

Both the bonds were initially redeemable on or by March 9, 2012, if not converted into equity shares as per terms of issue. Based on an approval received from the Reserve Bank of India and bond holders, the redemption date was extended to July 09, 2012.

Out of the US$ 98.70 Million of FCCBs II, bonds having a face value of US$ 31.90 Million were converted into equity shares as of March 31, 2010 and bonds with a face value of US$ 12 Million were converted during the year ending March 31, 2011, retaining a closing balance of US$ 54.80 Million outstanding FCCBs II bonds.

b) Pursuant to the approval of the holders of "US$ 180 Million 2% convertible unsecured bonds",[of which US$ 39 Million was outstanding ("FCCBs I")] and "US$ 98.70 Million 5% convertible unsecured bonds", [of which US$ 54.80 Million was outstanding ("FCCBs II")], at their respective meetings held on July 5, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US$ 38 Million out of FCCBs I and US$ 53.40 Million out of FCCBs II offered their bonds for exchange and secured bonds with a face value of US$ 127.721 Million ("FCCBs III") were issued with maturity date of July 7, 2017. The Company has been legally advised that there is no tax incidence arising from the above restructuring.

The terms and conditions of FCCB III are as under :

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

ii) Exchange rate for conversion of FCCB : ₹56.0545/ US$

iii) Equity Conversion price : ₹22.79 per share

iv) Redemption date : July 07, 2017

v) Listing on the Singapore Exchange Securities Trading Limited

Notes to the financial statements for the year ended March 31, 2016

Note - 24 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

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

vii) Mandatory conversion of bonds with a face value of US$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.

c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US$ 180 Million convertible unsecured bonds and US$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US$ 1 Million and FCCBs II of face value US$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.

d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.

As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US$ 4.55 Million as at March 31, 2016 would potentially be converted into 19,619,075 equity shares at an exchange rate of ₹56.0545/US$ with a conversion price of ₹13 per equity share.

Subsequent to balance sheet date, conversion requests from the bondholders of FCCBs III amounting to US$ 0.45 Million have been received by the Company, which have been approved by the Board of Directors in the Board meeting dated April 28, 2016, and allotted 1,940,348 equity shares at an exchange rate of ₹56.0545/US$ with a conversion price of ₹13 per equity share.

e) (i) Of the outstanding FCCBs III of US$ 91.40 Million as of July 2012, US$ 86.85 Million have been converted till year ended March 31, 2016 as detailed below:

Financial year/ period	FCCBs converted US$ Million	Conversion rate per US$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610

(ii) The face value of FCCBs outstanding as on March 31, 2016 is as follows:

Particulars	As at March 31, 2016		As at March 31, 2015	
	US$ Million	₹ in Lakhs	US$ Million	₹ in Lakhs
FCCBs I	1.00	662.55	1.00	625.00
FCCBs II	1.40	927.57	1.40	875.00
FCCBs III	4.55	3,014.60	81.53	50,956.25
Total	6.95	4,604.72	83.93	52,456.25

Note - 24 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

f) The FCCB bond holders in their respective meetings have approved the deferral of aggregate interest of US$ 0.92 Million (₹610.48 Lakhs) in respect of outstanding FCCBs III of USD 4.55 Million for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017. Accordingly, interest on FCCBs III included under finance costs in the consolidated statement of profit and loss to the extent of above deferrals is due for payment on July 07, 2017. These have accordingly been categorised as long-term liabilities.

g) The premium payable on maturity of FCCB I and FCCB II has been accrued by charge to securities premium account, and exchange fluctuation on restatement of such outstanding balance is also adjusted with securities premium account.

h) Interest accrued but not due pertaining to FCCBs converted during the current year has been written back as the same is considered no longer payable due to the conversion of FCCBs III into equity shares of the Company, and FCMITD balance pertaining to converted bonds till the date of conversion has been charged off net of foreign exchange gain on account of conversion of these FCCBs into equity shares of the Company. These have been disclosed as exceptional items, refer note 23(i) for details.

Note - 25

The Group 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 ('FCMITD') and are amortised over the balance period of such long term asset/ liability, and/or charged off on settlement/ conversion of such long term monetary foreign currency assets/ liabilities. Consequently, exchange fluctuation losses (net) arising on restatement of such items have been deferred to the extent of ₹376.63 Lakhs as at March 31, 2016 (March 31, 2015: ₹5,111.21 Lakhs).

Note - 26

The Group had remitted the withholding taxes in respect of FCCBs in accordance with the provisions of Income Tax Act, 1961 amounting to ₹1,016.81 Lakhs. Pursuant to the conversion of FCCBs III in to equity shares of the Company, the interest accrued but not due has been reversed as the same is considered no longer payable. The management basis expert advice, is of the view that the withholding taxes paid by the Group is recoverable from income tax department and/or is adjustable against its other withholding taxes obligations. The management has initiated necessary steps for revision of withholding tax returns of prior years and accordingly, ₹204.98 Lakhs pertaining to withholding taxes on salary, professional services and others have not been paid..

Note - 27

As at March 31, 2016, the Group has assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex (UK) Limited, amounting to ₹67,036.00 Lakhs. Based on the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management is of the view that, the aforesaid carrying value of goodwill as at March 31, 2016 relating to its investment in the said subsidiary is appropriate.

Note - 28 RELATED PARTY INFORMATION

Key management personnel

Surjeet Singh	Managing Director and CEO
Ganesh KV	Chief Financial Officer, Global Head- Legal and Company Secretary

Details of the transactions with the related parties:

(Amount ₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
Salary and perquisites:*		
Surjeet Singh	557.05	518.81
Ganesh KV	67.40	69.14

* The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Group as a whole.

Notes to the financial statements for the year ended March 31, 2016

Note - 29 SEGMENTAL REPORTING

The Group has identified a single primary segment being software products and 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: (Amount ₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
Americas	6,590.04	7,076.67
EMEA	18,041.36	20,688.90
APAC and rest of the world	7,704.07	8,217.74
	32,335.47	**35,983.31**

Assets and additions to tangible fixed assets and intangible fixed assets by geographical area:

The following table shows the carrying amount of segment assets and additions to tangible fixed assets and intangible fixed assets by geographical area in which the assets are located:

(₹ in Lakhs)

Particulars	2015 - 16		2014 - 15	
	Carrying amount of segment assets	Cost to acquire fixed assets	Carrying amount of segment assets	Cost to acquire fixed assets
Americas	2,239.06	157.91	2,367.77	73.54
EMEA	8,251.14	50.28	9,964.93	48.74
APAC and rest of the world	5,861.75	117.87	6,523.76	508.85
Unallocable	87,948.34	-	93,263.18	-
	104,300.29	**326.06**	**112,119.64**	**631.13**

Note - 30 COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Income tax demands (Note - [i])	9,217.35	9,008.77
Service tax demands (Note - [ii])	3,687.15	3,687.15
Others (Note - [iii])	1,293.44	1,337.64
Bank guarantees (furnished towards customers)	317.48	803.48
Corporate guarantee issued by Subex Technologies Limited and Subex (UK) Limited (refer note 8)	5,570.00	6,495.00

i. **Income tax**

The Group has received assessment orders for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011 and March 31, 2012, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

Notes to the financial statements for the year ended March 31, 2016

Note - 30 COMMITMENTS AND CONTINGENT LIABILITIES

ii. **Service tax**

The Group has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. **Others**

The Group has received certain claims from ex-directors of the Company for an amount of ₹1,293.44 Lakhs. The aforesaid claims are disputed by the Group and the matter is presently under arbitration with the tribunal. The management is of the view that these claims are not tenable.

The Group has also claimed the excess managerial remuneration of ₹123.80 Lakhs paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2015: ₹233.80 Lakhs) is included in 'Long-term loans and advances' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 31.

Note - 31 OPERATING LEASES

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses under non-cancellable operating leases amounted to ₹511.26 Lakhs and ₹8.53 Lakhs for the year ended March 31, 2016 and March 31, 2015 respectively.

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

Period	As at March 31, 2016	As at March 31, 2015
Within one year	786.78	50.99
After one year but not more than five years	70.65	123.30
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was ₹1,256.82 Lakhs and ₹2,018.99 Lakhs for the year ended March 31, 2016 and March 31, 2015 respectively.

Note - 32 DISCONTINUING OPERATIONS

During the year ended March 31, 2014, pursuant to the approval of the Board of Directors, the Group has discontinued the operations of two of its subsidiaries viz. Subex Technologies Limited and Subex Technologies Inc., with effect from April 01, 2013. The details of the discontinued businesses are as under:

Notes to the financial statements for the year ended March 31, 2016

Note - 32 DISCONTINUING OPERATIONS

(₹ in Lakhs)

	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1	**Income**		
	Other income	0.11	7.22
	Total income	**0.11**	**7.22**
2	**Expenses**		
	Employee benefits expense	-	86.38
	Other expenses*	4.60	394.38
	Total expenses	**4.60**	**480.76**
3	**Earnings before interest, tax, depreciation and amortisation (EBITDA) (1-2)**	**(4.49)**	**(473.54)**
4	Interest income	0.17	-
5	Finance costs	0.91	0.64
6	**Loss before tax (3+4-5)**	**(5.23)**	**(474.18)**
7	Tax expenses/ (credit)	**(2.90)**	**5.62**
8	Loss for the year from discontinued operations (6-7)	(2.33)	(479.80)

* includes an amount of ₹ Nil (March 31, 2015: ₹383.23 Lakhs) of exchange loss on consolidation written off pertaining to Subex Technologies Inc., on account of its liquidation.

Carrying amount of total assets and liabilities to be disposed off / settled as at March 31, 2016 and March 31, 2015 are as follows:

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Total assets	5.64	6.78
Total liabilities	118.40	120.12
Net liabilities	**(112.76)**	**(113.34)**

Net cash flows attributable to the discontinued operations are as follows: (₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Net cash flow from/(used in) operating activities	(7.74)	2.66
Net cash flow from investing activities	0.02	5.87
Net cash flow used in financing activities	(0.90)	(0.63)
Net cash inflows/ (outflows)	**(8.62)**	**7.90**

Note - 33 EMPLOYEES STOCK OPTION PLAN (ESOP)

The Group during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

The Group has obtained in-principle approval for listing of shares up to a limit as mentioned below.

ESOP II : 883,750 shares

ESOP III : 2,000,000 shares

ESOP IV : 2,000,000 shares

Notes to the financial statements for the year ended March 31, 2016

Note - 33 EMPLOYEES STOCK OPTION PLAN (ESOP)

Employee Stock Options details as on the balance sheet date are:

Particulars	2015 - 16		2014 - 15	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	1,925	67.00	2,975	67.00
ESOP – III	741,072	27.99	863,950	30.78
ESOP – IV	475,010	28.49	567,518	28.56
Cancelled, surrendered or lapsed during the year				
ESOP – II	1,925	-	1,050	-
ESOP – III	596,093	-	122,878	-
ESOP – IV	344,510	-	92,508	-
Options outstanding at the end of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	144,979	24.28	741,072	27.99
ESOP – IV	130,500	28.51	475,010	28.49
Options exercisable at the end of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	126,429	22.65	666,967	31.10
ESOP – IV	130,500	28.51	475,010	28.49

Details of Weighted average remaining contractual life and rage of exercise prices for the options outstanding at the balance sheet date.

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15
ESOP – II	-	0.37	-	67.00
ESOP – III	1.49	1.16	10.26 -73.90	10.26 - 152.00
ESOP – IV	0.11	1.17	28.44 - 53.54	28.44 - 53.54

* considering vesting and exercise period

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 as below:

Particulars	March 31, 2016	March 31, 2015
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to the financial statements for the year ended March 31, 2016

Note - 33 EMPLOYEES STOCK OPTION PLAN (ESOP)

The impact on the EPS of the Group, if fair value method is adopted is given below: (₹ in Lakhs except as otherwise indicated)

Particulars	March 31, 2016	March 31, 2015
Net profit for the year (as reported)	5,872.49	1,021.45
Less: Stock-based employee compensation expense reversals based on intrinsic value	(61.80)	(18.19)
Add: Stock-based employee compensation expense reversals based on fair value	166.58	59.24
Net profit - (proforma)	5,977.27	1,062.50
Earnings per share		
Basic & Diluted		
- As reported (₹ per share)	2.02	0.59
- Pro forma (₹ per share)	2.06	0.62

Note - 34 EMPLOYEE BENEFIT PLANS

a) **Defined contribution plans**

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹973.02 Lakhs (March 31, 2015: ₹956.21 Lakhs) for Provident Fund and Pension Fund contributions (excluding administration charges) and ₹0.08 Lakhs (March 31, 2015: ₹0.55 Lakhs) for Employee State Insurance scheme contribution in the consolidated Statement of profit and loss.

b) **Defined benefit plans**

The Group offers Gratuity benefits to employees, a defined benefit plan. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amount recognised in the balance sheet.

(Amount in ₹ Lakhs except Assumptions)

	Particulars	March 31, 2016	March 31, 2015
I.	**Components of employee benefits expense**		
1	Current service cost	74.97	65.36
2	Interest cost	30.14	23.53
3	Expected return on plan assets	(4.94)	(3.62)
4	Past service cost	15.10	-
5	Actuarial losses / (gains)	5.04	85.42
6	Total expense recognized in the consolidated statement of profit and loss	120.31	170.69
II.	**Actual contribution and benefit payments for the year**		
1	Actual benefit payments	79.17	52.60
2	Actual contributions	130.00	80.00
III.	**Net asset / (liability) recognized in Consolidated balance sheet**		
1	Present value of defined benefit obligation (DBO)	(452.94)	(405.20)
2	Fair value of plan assets	115.49	58.29
3	Funded status [surplus / (deficit)]	(337.45)	(346.91)
4	Net asset / (liability) recognized in Consolidated balance sheet	(337.45)	(346.91)
	- Current	(41.98)	(26.75)
	- Non current	(295.47)	(320.16)
IV.	**Change in defined benefit obligations during the year**		
1	Present Value of DBO at beginning of the year	405.20	321.46
2	Past service cost	15.10	-
3	Current Service cost	74.97	65.36
4	Interest cost	30.14	23.53

Notes to the financial statements for the year ended March 31, 2016

Note - 34 EMPLOYEE BENEFIT PLANS

(Amount in ₹ Lakhs except Assumptions)

Particulars	March 31, 2016	March 31, 2015
5 Actuarial (gains) / losses	6.47	83.82
6 Currency translation adjustment	-	(36.37)
7 Benefits paid	(78.94)	(52.60)
8 Present value of DBO at the end of the year	452.94	405.20
V. Change in fair value of assets during the year		
1 Plan assets at beginning of the year	58.29	28.88
2 Expected return on plan assets(estimated)	4.94	3.62
3 Actuarial gain / (loss)	1.43	(1.60)
4 Actual company contributions	130.00	80.00
5 Benefits paid	(79.17)	(52.60)
6 Plan assets at the end of the year	115.49	58.29
VI. Actual return on plan assets	6.37	2.02
VII. Expected contribution in the next year	120.00	100.00
VIII. Major categories of plan assets as a percentage of the fair value of total assets are:		
Investments with insurer	100%	100%
IX. Actuarial assumptions		
1 Discount rate	7.60%	7.80%
2 Expected return on plan assets	8.50%	8.50%
3 Salary escalation	8.00%	8.00%
4 Attrition rate	18.00%	18.00%

Amounts for the current and previous four periods are as follows: (₹ in Lakhs)

Particulars	Year ending				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation at the end of the year	(452.94)	(405.20)	(321.46)	(348.47)	(348.50)
Plan assets at the end of the year	115.49	58.29	28.88	7. 31	7.10
Funded status	(337.45)	(346.91)	(292.58)	(341.16)	(341.40)
Experience gain/(loss) adjustments on plan liabilities	(3.76)	1.09	(10.25)	11.31	54.12
Experience gain/(loss) adjustments on plan assets	1.43	(1.60)	0.51	(0.09)	0.31
Actuarial gain/(loss) due to change on assumptions	(2.71)	(84.91)	24.66	(42.73)	12.77

(i) The composition of the plan assets held under the funds managed by the insurer is as follows:

Fund Type	March 31, 2016 (%)	March 31, 2015 (%)
Government securities	39.54	43.31
Fixed deposits and other assets	60.46	56.69

(ii) 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.

(iii) 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.

(iv) 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.

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

Notes to the financial statements for the year ended March 31, 2016

Note - 35 EARNINGS PER SHARE (EPS)

(₹ in Lakhs except as otherwise indicated)

Particulars	March 31, 2016	March 31, 2015
Nominal value of equity shares (₹ per share)	10.00	10.00
I. Total operations for the year		
Profit after tax attributable to shareholders (A)	5,872.49	1,021.45
Weighted average number of equity shares used in computing EPS(B) (in Lakhs)	2,904.20	1,716.69
Earnings per share – Basic and diluted (₹ per share) (A/B)*	2.02	0.59
II. Continuing operations		
Profit after tax attributable to shareholders (A)	5,874.82	1,501.25
Weighted average number of equity shares used in computing EPS(B)	2,904.20	1,716.69
Earnings per share – Basic and diluted (₹ per share) (A/B)*	2.02	0.87

* Foreign currency convertible bonds and Employee stock options outstanding as at March 31, 2016 and March 31, 2015 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

Note - 36 UNHEDGED FOREIGN CURRENCY EXPOSURE

The Group does not have any outstanding forward foreign exchange contracts or other derivative instruments for the purposes of hedging the risks associated with foreign exchange exposures as at the year end. The net foreign currency exposure that has not been hedged by derivative instruments or otherwise as at March 31, 2016 is ₹8,404.75 Lakhs (March 31, 2015: ₹62,912.08 Lakhs). The aforesaid unhedged foreign currency exposure does not include exposure on intra group balances which are eliminated on consolidation.

Note - 37 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) For the current year ended March 31, 2016: (₹ in Lakhs)

Name of the Entity	Net assets		Share in profit and loss	
	as % of consolidated net assets	Amount	as % of consolidated profit and loss	Amount
Parent				
Subex Limited	97%	70,845.09	-14%	(851.32)
Indian Subsidiaries				
Subex Technologies Limited	0%	(114.15)	0%	(0.46)
Foreign Subsidiaries				
Subex (Asia Pacific) Pte Ltd.	2%	1,620.76	19%	1,095.69
Subex (UK) Ltd.	10%	6,954.25	87%	5,086.72
Subex Americas Inc.	-11%	(8,300.92)	20%	1,160.14
Subex Inc.,	2%	1,379.48	-13%	(735.37)
Subex Technologies Inc	0%	1.39	0%	(0.52)
Subex Middle East	0%	314.03	2%	117.61
Total	**100%**	**72,699.93**	**100%**	**5,872.49**

(b) For the previous year ended March 31, 2015: (₹ in Lakhs)

Name of the Entity	Net assets		Share in profit and loss	
	as % of consolidated net assets	Amount	as % of consolidated profit and loss	Amount
Parent	99%	20,645.20	-486%	(4,968.79)
Subex Limited				
Indian Subsidiaries				
Subex Technologies Limited	-1%	(116.13)	-39%	(399.64)
Foreign Subsidiaries				
Subex (Asia Pacific) Pte Ltd.	10%	2,137.80	139%	1,417.18
Subex (UK) Ltd.	28%	5,762.95	523%	5,339.21
Subex Americas Inc.	-45%	(9,313.10)	-79%	(810.05)

Note - 37 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(b) For the previous year ended March 31, 2015: (₹ in Lakhs)

Name of the Entity	Net assets		Share in profit and loss	
	as % of consolidated net assets	Amount	as % of consolidated profit and loss	Amount
Subex Inc.,	9%	1,780.25	51%	523.83
Subex Technologies Inc	0%	2.79	-9%	(80.16)
Subex Middle East	0%	4.26	0%	(0.13)
Total	100%	20,904.02	100%	1,021.45

Note: The balances have been considered after eliminating all inter-company balances and transactions.

Note - 38 COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

(i) The Group purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

(ii) Cost of hardware, software and support charges for the year ended March 31, 2016 is net of reversal of provision no longer required amounting to ₹386.38 Lakhs (March 31, 2015: ₹ Nil).

Note - 39

The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2016 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.

Note - 40

During the previous year, the Group has transferred the unclaimed dividend outstanding for a period more than 7 years of ₹1.31 Lakhs to Investor Education and Protection Fund.

Note - 41

The figures of the previous year up to March 31, 2015 were audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP. Previous year figures have been regrouped/ reclassified, wherever necessary to confirm to current year's classification.

As per our report of even date

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

per Sunil Bhumralkar
Partner
Membership No.: 035141
Bengaluru, India

Date: May 24, 2016

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN:05278780
Bengaluru, India

Anil Singhvi
Director
DIN:00239589
Bengaluru, India

Sanjeev Aga
Director
DIN:00022065
Bengaluru, India

Ganesh K.V
Chief Financial Officer,
Global Head Legal
and Company Secretary
Los Angeles, USA

Date: May 24, 2016

"SHAREHOLDERS' INFORMATION"

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE ANNUAL GENERAL MEETING (AGM)

Date : September 12, 2016

Venue : Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103

Time : 2 PM

DATES OF BOOK CLOSURE

From September 6, 2016 to September 12, 2016 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 1, 2016 to March 31, 2017

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2016	– 2nd week of September 2016
For quarter ending September 30, 2016	– 2nd week of December 2016
For quarter ending December 31, 2016	– 2nd week of February 2016
For the year ending March 31, 2017	– 4th week of May 2017

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2015-16.

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 2015-16 in accordance with the provisions of the Listing Agreement/ SEBI (LODR) Regulations, 2015 with NSE and BSE.

The 2,43,207 Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 9, 2007.

The Company's 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$ 4.55 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	SUBX
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 has paid the custodial fees within the prescribed timelines.

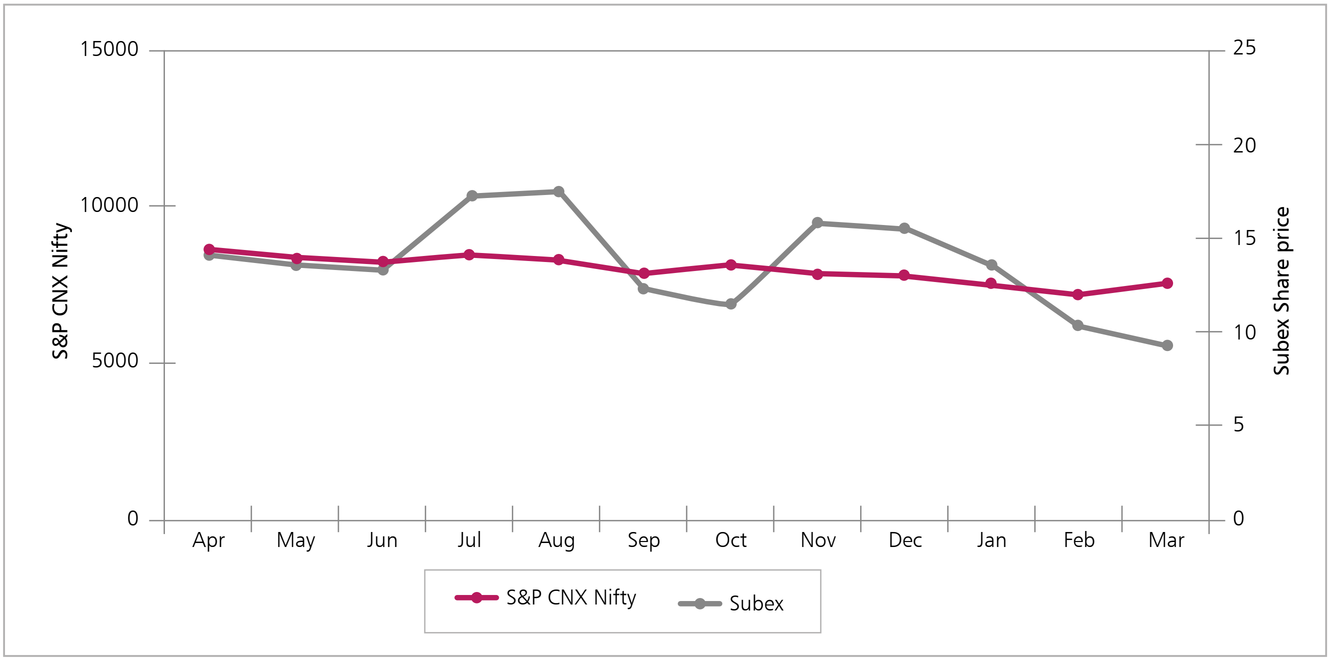
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

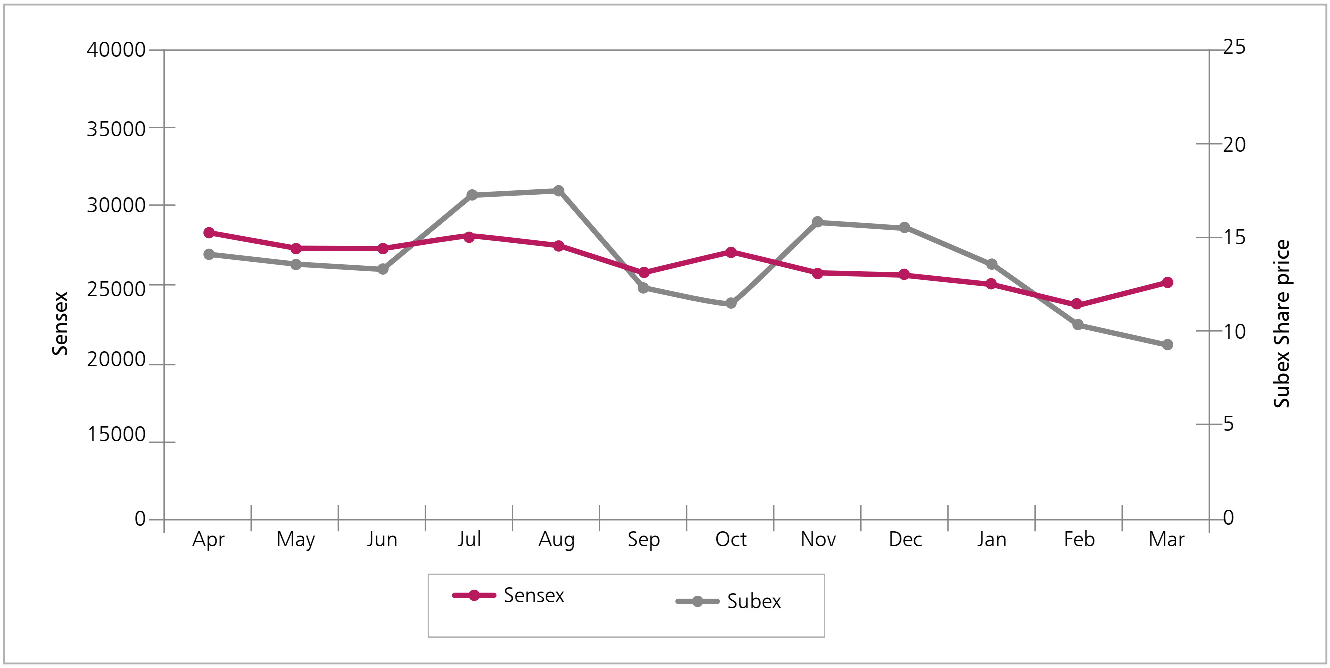
Monthly high and low quotes during each month in the financial year 2015-16 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE		BSE		Index Close Price	
	High* ₹	Low* ₹	High ₹	Low ₹	Sensex (Closing price)	Nifty (closing price)
Apr-15	12.86	11.88	12.90	11.89	28,113	8,524
May-15	12.51	11.67	12.49	11.72	27,426	8,301
Jun-15	11.88	11.09	11.82	11.07	27,138	8,196
Jul-15	15.86	14.72	15.85	14.73	28,016	8,479
Aug-15	15.11	13.82	15.09	13.80	27,387	8,310
Sep-15	12.08	11.42	12.07	11.43	25,705	7,815
Oct-15	11.34	10.92	11.32	10.92	27,012	8,172
Nov-15	11.75	10.74	11.74	10.76	26,014	7,888
Dec-15	13.12	12.30	13.12	12.29	25,658	7,803
Jan-16	11.50	10.65	11.49	10.67	24,780	7,536
Feb-16	9.78	9.09	9.76	9.10	23,688	7,200
Mar-16	9.18	8.80	9.19	8.82	24,812	7,550

*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 AND SENSEX





CREDIT RATING

India Ratings and Research (Ind-Ra) has upgraded the ratings on Subex Limited's bank facilities from BBB – to BBB+

SHAREHOLDING PATTERN

(As per records of the RTA)*

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2016		As on March 31, 2015	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	57,307	53.41	44,454	68.89
5001 – 10000	17,555	16.36	8,173	12.67
10001 – 20000	11,501	10.72	4,887	7.57
20001 –30000	5,024	4.68	1,865	2.89
30001 – 40000	2,615	2.44	998	1.55
40001 – 50000	3,428	3.20	1,074	1.66
50001 – 100000	4,833	4.50	1,570	2.43
100001 and above	5,030	4.70	1,503	2.34
TOTAL	**1,07,297**	**100.00**	**64,525**	**100.00**

Categories of Shareholders:

Category	As on March 31, 2016			As on March 31, 2015		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Others#	105,713	76.77	32,28,70,381	63,478	87.71	159,045,582
Companies/ Bodies Corporate	1,536	22.76	9,59,94,040	996	11.35	20,577,369
Core Promoters	3	0.23	974,044	3	0.54	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	44	0.22	934,498	47	0.35	632,834
FII	1	0.02	9,75,257	1	0.05	94,000
TOTAL	**1,07,297**	**100**	**421,748,220**	**64,525**	**100**	**181,323,829**

* The difference in paid-up share capital as per the Company's records and the records of the RTA is due to allotment of 8,10,63,426 equity shares consequent to conversion of FCCB's on March 28, 2016. The same was not recorded in the books of RTA as on March 31, 2016.

#Includes Foreign Bodies Corporate.

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computers Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form *vide* a tripartite agreement dated December 5, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI *vide* its Circular No. CIR/MIRSD/8/2012 dated July 5, 2012 has reduced the timeline 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.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor,
No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram,
Bengaluru - 560 003

Tel Nos. +91 80-23469661/62, 23469664/65
Fax Nos. +91 80-23469667/68
E-mail: canbankrta@ccsl.co.in
Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2016, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2016, 2,43,207 GDRs were outstanding.

As on March 31, 2016, the Company had outstanding FCCBs aggregating to:

- US$ 1,000,000 under its US$ 180,000,000 2% convertible unsecured bonds ("FCCBs I")*
- US$ 1,400,000 under its US$ 98,700,000 5% Convertible Unsecured Bonds ("FCCBs II")*
- US$ 4,550,000 under its US$ 127,721,000 5.70% secured convertible bonds("FCCBs III")#

*FCCB I & FCCB II: The maturity period of the un-exchanged FCCBs I and FCCBs II was extended to March 2017 pursuant to the RBI Approval dated April 27, 2012 and requisite approvals under the Trust Deed of the holders of FCCB I & FCCB II.

#FCCB III: In July 2012, pursuant to the exchange offer of FCCBs I and FCCBs II, the Company issued FCCB III bonds with a maturity period due July 2017. Principal amount of US$ 36,321,000 were mandatorily converted into equity shares at the conversion price of ₹ 22.79/-. Further, principal amounts of US$ 9,870,000 were converted until March 31, 2015. Pursuant to the approval in meeting of the Board held on May 14, 2015, the meeting of the shareholders held on June 19, 2015 and the meeting of the Bondholders held on August 5, 2016, the conversion price of FCCB III being convertible into equity shares of the Company was reset to ₹13.00 from the previous price of ₹ 22.79. Principal amounts of US$ 76,980,000 were converted during 2015-2016 and US$ 950,000 were converted between April 1, 2016 to date of this Report. Hence principal amount of US$ 3,600,000 of FCCB III are outstanding as on the date of this report.

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature except those disclosed in the standalone financial statements vide Note 33.

NOMINATION

Pursuant to the provisions of Section 72 of The Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH 13 (in duplicate), if not already filed. Form SH 13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is not doing any hedging activities, as there is a natural hedge between exports and imports.

INVESTOR GRIEVANCES

Investor grievances received from April 1, 2015 to March 31, 2016:

Nature of complaints	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/ annual report	2	2
Letters from NSDL, Banks etc.	1	1
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	**3**	**3**

During the year ended March 31, 2016, the Company has attended to all the investors' grievances/correspondence

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,
Bengaluru – 560103, 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.

A TRISYS PRODUCT
info@trisyscom.com

subex
powering the ROC

www.subex.com
info@subex.com

INDIA

Subex Limited
(CIN: L85110KA1994PLCO16663)
Regd. office: RMZ Ecoworld,
Devarabisanahalli, Outer Ring Road
Bangalore - 560037, India

Tel : +91 80 6659 8700
Fax : +91 80 6696 3333

USA

Subex Inc.
12303 Airport Way,
Bldg. 1, Ste. 390,
Broomfield, CO 80021

Tel : +1 303 301 6200
Fax : +1 303 301 6201

UK

Subex (UK) Limited
1st Floor, Rama,
17 St Ann's Road,
Harrow, Middlesex,
HA1 1JU

Tel : +44 0207 8265300
Fax : +44 0207 8265352

SINGAPORE

Subex (Asia Pacific) Pte Limited
175A Bencoolen Street
#08-03 Burlington Square
Singapore 189650

Tel : +65 6338 1218
Fax: +65 6338 1216

Regional offices: Dubai | Ipswich

MIDDLE EAST

Subex Middle East (FZE)
Executive Desk Q1-04-098/B,
P.O. Box: 513156,
Sharjah Airport International
Free Zone, Sharjah, UAE

CANADA

Subex Americas Inc.
C/O BDO Canada LLP,
5494, Manotick Main Street
Box. 918, Manotick, Ontario
Canada, K4M1A8