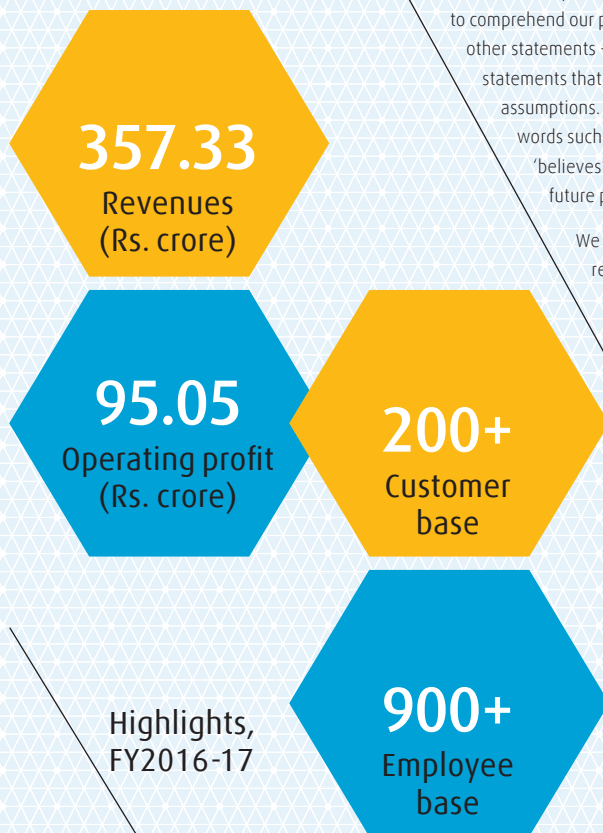


**Ring in the new.
Win in the digital world.**





Forward-looking statement

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

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

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

Contents

Corporate identity	2	Board of Directors	19
Message from the MD & CEO.....	4	Executive Leadership Team.....	20
Our performance in numbers.....	7	Board's Report.....	22
Management commentary	8	Corporate Governance Report	52
Key numbers - global telecom industry	10	Management Discussion and Analysis	66
Operational Leadership Team (OLT) of Subex	11	Standalone Financial Statements	85
Creating value for 25 years	16	Consolidated Financial Statements.....	147
Subex Charitable Trust	18	Shareholder Information.....	208

Ring in the new. Win in the digital world.

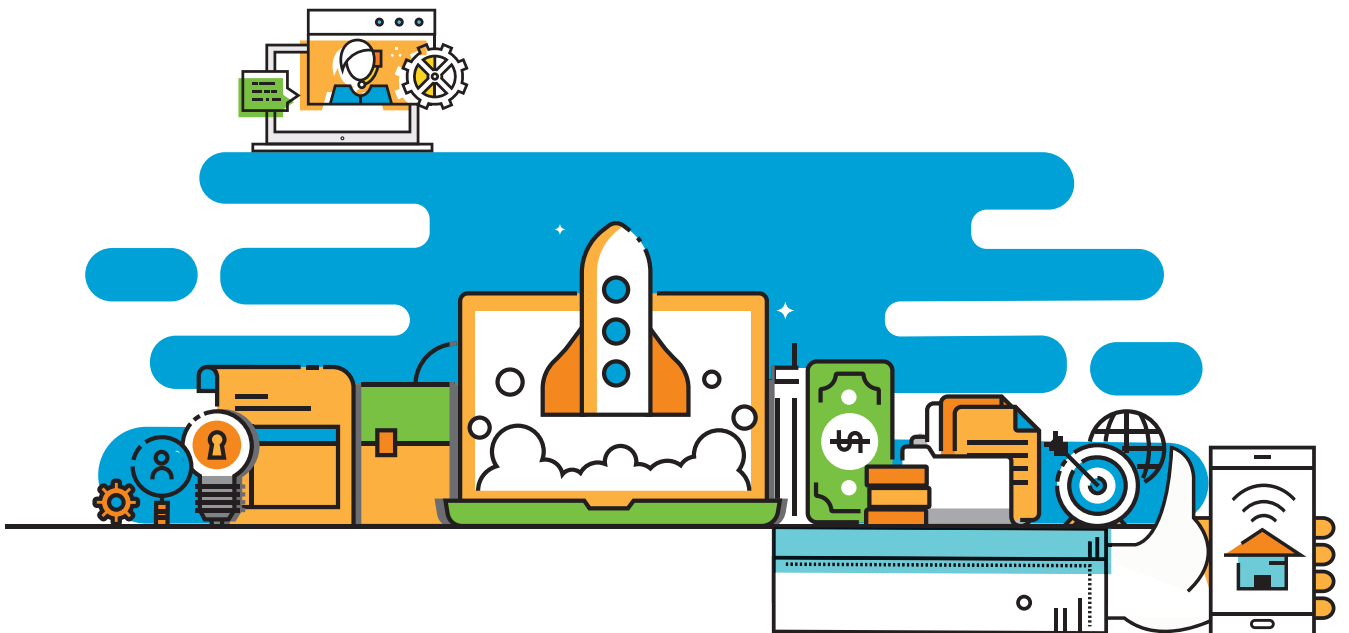
The time has come for Subex to graduate from one level to another.

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

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

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

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



Subex is a specialised telecom solutions provider.

Enjoying focused and specialised domain knowledge.

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

Empowering telcos to embark on informed strategy.

Helping customers reduce subscriber churn and enhance user experience.

Enhancing competitiveness and taking the customer's business ahead.

Awards and accolades

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

Background

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



Location

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



Listing

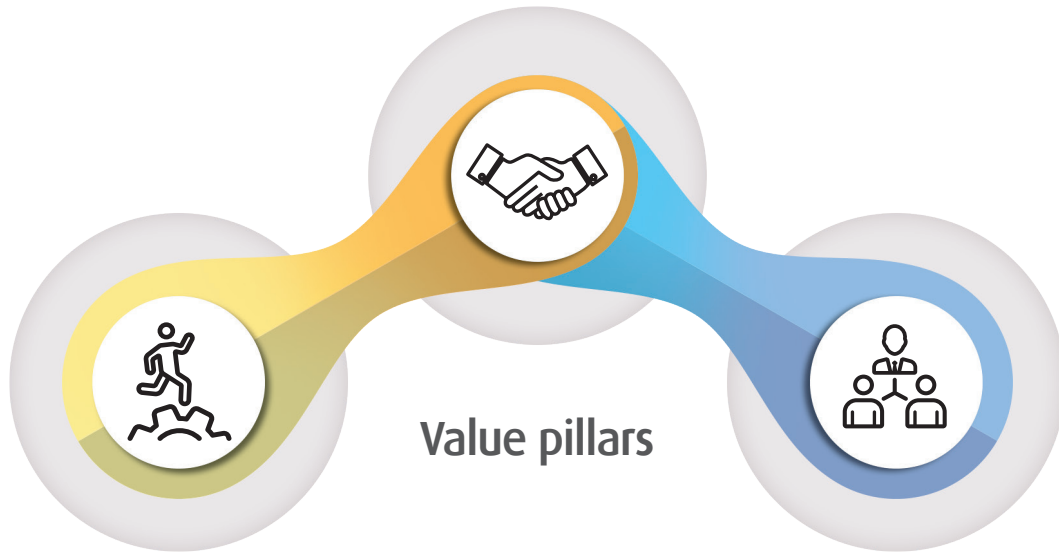
- Equity shares listed on Bombay Stock Exchange and National Stock Exchange. Company's securities listed on the London Stock Exchange and Singapore Stock Exchange



Clientele

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





Value pillars

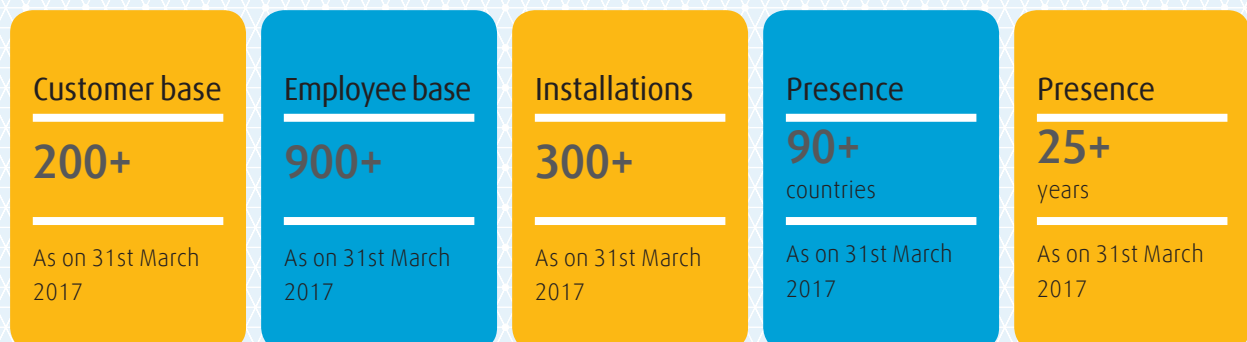
Drive new business models:
Pivot offerings around revenue, open new revenue streams in emerging business areas and allied services, leverage the partner ecosystem

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

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

Quality statement

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



To the stakeholders

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

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

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

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



Message from the MD & CEO

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

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

Sectoral changes

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

Subex has responded to this reality through a digital

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

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

The Subex 3.0 groundwork

Embracing changes proactively

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

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

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

global telecom players.

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

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

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

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

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

Offering distinctive services

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

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

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

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

Creating a well-governed organisation

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

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

Roadmap for the future

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

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

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

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

Regards,

Surjeet Singh
*Chief Executive Officer and
Managing Director*

Our performance in numbers

Revenues (₹ crore)



2014-15 2014-15 2014-15



EBIDTA (₹ crore)



2014-15 2014-15 2014-15



EBIDTA (%)



2014-15 2014-15 2014-15



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

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

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

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

optimised operations.

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

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



Vinod Kumar
*Wholetime Director and
Chief Operating Officer*



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



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

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

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

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

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

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

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

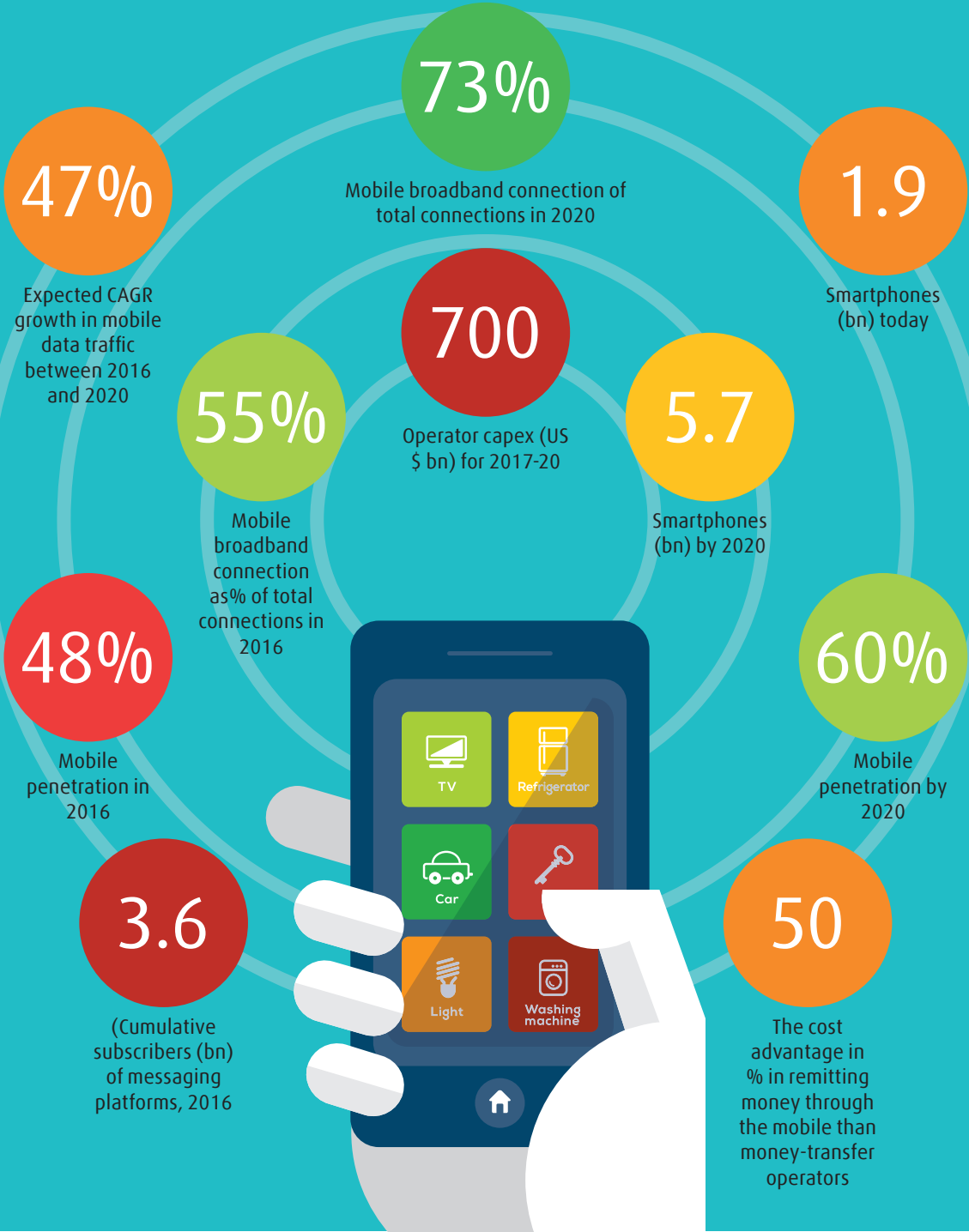
We are under no illusions that this transformation critically hinges on the competence of our people. Previously, the delivery team figured last in the value chain. Following the integration of the service package, the delivery team is engaged in projects from the outset. This progressive change has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

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

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

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

Key numbers - global telecom industry



Source: GSMA - Mobile Economy 2017

Democratisation of strategy the Operational Leadership Team at Subex

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

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



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

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

Ashwin Menon

Associate Director - Business Solutions & Consulting



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

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

Anandakumar K

Director - DBA



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

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

Suraj Balachandran

Associate Vice President - Sales and Account



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

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

Jitka Roberts

Director - Sales

Creating value through data



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

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

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

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



Case Study

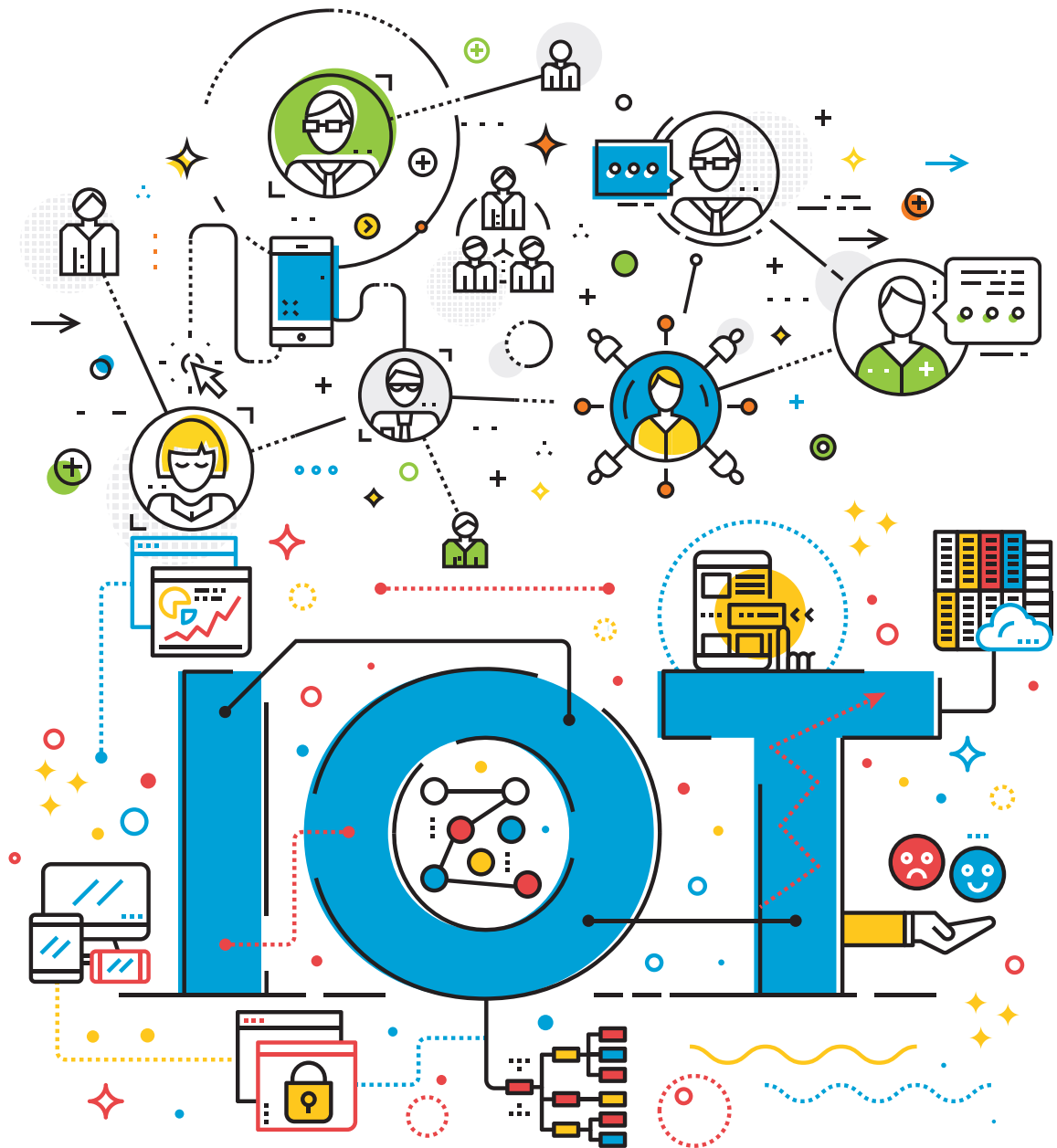
When a Tier-1 American telecommunications and internet service provider, whose network spans North America, Europe, the Middle East, Africa, Latin America and the Asia-Pacific, sought to proactively manage customer disputes, it selected Subex as a partner.

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

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

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

Securing the Connected Ecosystem using a IoT Security Solution



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

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



Use Case

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

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

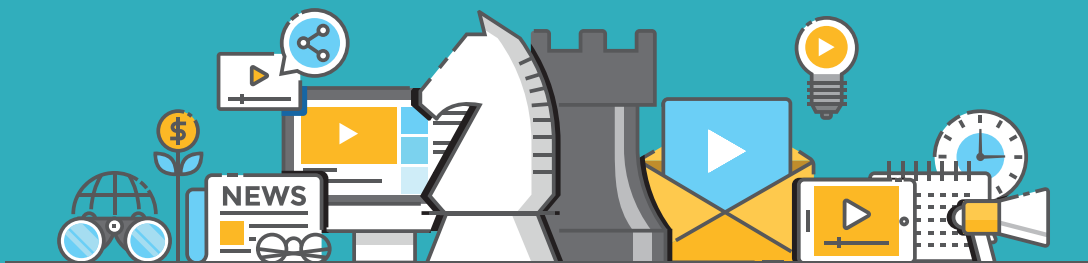
Creating value for

25 Years

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

Subex at 25

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



Staying relevant for 25 years



By being capable

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



By being sustainable

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



By being dependable

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



By being flexible

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

Strength of Subex's intangibles

Brand

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

Innovation

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

People

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

Subex Charitable Trust (SCT)

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

The Company undertook the following initiatives during 2016-17:

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



A blood donation camp attracted 100 donors



Inmates at of the Prerana Resource Centre



Visit to government high school in Avalahalli for Christmas celebrations



Volunteers of SCT along with students from the Nurture Merit Programme

Board of Directors



Anil Singhvi
Chairman and Independent Director



Surjeet Singh
Managing Director & Chief Executive Officer



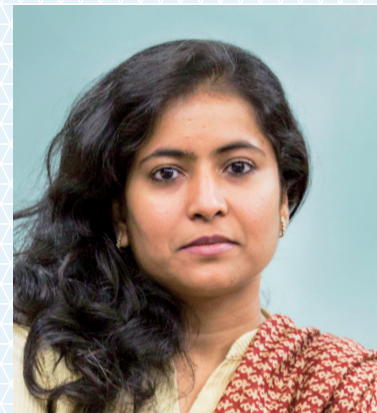
Vinod Kumar
Wholetime Director and Chief Operating Officer



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



Ms. Nisha Dutt
Independent Director



Ms. Poornima Prabhu
Independent Director

Executive Leadership Team



Surjeet Singh
Chief Executive Officer



Vinod Kumar
Chief Operating Officer



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



Mehernaz Dalal
*Chief Financial Officer**



Mohan Sitharam
Chief People Officer



David Halvorson
General Counsel

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

Statutory section

Boards' Report

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

1. FINANCIAL RESULTS

Amount in ₹Lakhs

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

2. RESULTS OF OPERATIONS

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

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

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

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

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

Limited as at March 31, 2017 is appropriate.

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

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

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

3. DIVIDEND

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

4. SHARE CAPITAL

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

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

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

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

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

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

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

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

5. BUSINESS

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

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

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

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

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

*Telecom Operators 500, 2015

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

SEZ III

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

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

6. SUBSIDIARIES

SUBEX TECHNOLOGIES LIMITED

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

SUBEX (UK) LIMITED

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

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

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

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

SUBEX AMERICAS INC.

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

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

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

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

SUBEX MIDDLE EAST (FZE)

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

7. FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

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

(amount in US\$ million)

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

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public.

EMPLOYEE STOCK OPTIONS SCHEMES

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

EMPLOYEE STOCK OPTION PLAN-2005 (ESOP-III)

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

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

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

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

EMPLOYEE STOCK OPTION PLAN-2008 (ESOP-IV)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. CORPORATE GOVERNANCE

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

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

11. DIRECTORS

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

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

Pursuant to the recommendations of the Nomination and

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

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

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

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

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

BOARD MEETINGS

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

1. May 24, 2016

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

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

PERFORMANCE EVALUATION

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

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

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

12. AUDIT COMMITTEE

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

13. AUDITORS

STATUTORY AUDITORS

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

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

SECRETARIAL AUDITORS

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

14. PARTICULARS OF EMPLOYEES

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

15. CONSERVATION OF ENERGY

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

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

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

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

16. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

SUBEX CHARITABLE TRUST

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

17. IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

18. HUMAN RESOURCE MANAGEMENT

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

19. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

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

20. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

21. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

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

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

22. DECLARATION FROM INDEPENDENT DIRECTORS

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

23. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

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

25. EXTRACT OF ANNUAL RETURN

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

26. LISTING WITH STOCK EXCHANGES

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

27. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

that date;

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

29. APPRECIATION/ACKNOWLEDGEMENTS

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

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

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure A

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

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

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

Refer note 36 of the Standalone financials statements.

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure B

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
Members of Subex Limited

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

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

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

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

For **BMP & Co**
Company Secretaries

Pramod S M
Partner
FCS 7834 / CP No. 13784

Place: Bangalore,
Date: June 5, 2017

Annexure C

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

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

To,
The Members,
SUBEX LIMITED

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

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

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

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

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

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

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

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

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

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

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

WE FURTHER REPORT THAT:

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

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

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

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

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

For V. SREEDHARAN & ASSOCIATES

Place: Bengaluru

Date: May 4, 2017

(Pradeep B. Kulkarni)

Partner

FCS 7260 / CP No. 7835

Annexure D

PARTICULARS OF EMPLOYEES

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

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

Annexure E

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

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

1. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

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

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

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

II. Shareholding of Promoters

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

III. Change in Promoters' Shareholding

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

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

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

v. Shareholding of Directors and Key Managerial Personnel

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

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

V. INDEBTEDNESS

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

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

*Including repayment of FCCB's I & II

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL

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

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

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

B. Remuneration to other Directors:

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

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

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

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

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

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

Annexure F

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

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

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

Remuneration of Non-Executive Directors

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

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

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

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

B. CRITERIA FOR APPOINTMENT OF EXECUTIVE DIRECTORS

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

Remuneration for Executive Director

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

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

C. REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL

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

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

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

D. REMUNERATION POLICY FOR OTHER EMPLOYEES

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

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

Annexure G

FORM NO. AOC.2

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

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

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

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

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

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

(b)	Nature of contracts/ arrangements/ transactions (contd.)	Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		C. Interest Income
		Subex Americas Inc.
		D. Reimbursement of expenses
		Subex (UK) Limited
		Subex (Asia Pacific) Pte Ltd
		Subex Americas Inc.
		Subex Inc.
(c)	Duration of the contracts/ arrangements/ transactions	Subex Middle East (FZE)
		Subex Technologies Limited
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The transactions mentioned in 2(b) above are continuing contracts.
		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
(e)	Date(s) of approval by the Board, if any:	C. Interest Income
		The ultimate holding Company charges interest on loan given to its subsidiaries
		D. Reimbursement of expenses
(f)	Amount paid as advances, if any:	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.
		NA

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Annexure H

DETAILS / DISCLOSURES OF RATIO OF REMUNERATION

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

Annexure I

ANNUAL REPORT ON CSR ACTIVITIES

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

CSR COMMITTEE

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

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

*Resigned with effect from 27th October, 2016

OBJECTIVE AND SCOPE

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

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

SUBEX CHARITABLE TRUST

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

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

FOCUS AREA

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

ACTIVITIES COVERED DURING THE YEAR

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

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

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

FINANCIAL DETAILS

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

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

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

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

For Subex Limited

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Place: California, USA
Date: June 5, 2017

Anil Singhvi
Chairman & Independent Director
DIN:00239589

Place: Mumbai, India
Date: June 5, 2017

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

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

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

II. BOARD OF DIRECTORS

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

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

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

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

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

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

Notes:

- ▲ Includes Directorship in Subex Limited
- In line with Regulation 26(1) of SEBI (LODR) Regulations, 2015. Memberships in Committees of Subex Limited are included.
- * Mr. Sanjeev Aga resigned from the post of Director of the Company with effect from October 27, 2016. All details of Mr. Sanjeev Aga in this report, wherever it appears, are up to the date of his resignation.
- # Ms. Priyanka Roy resigned from the post of Director of the Company with effect from March 10, 2017. All details of Ms. Priyanka Roy in this report, wherever it appears, are up to the date of her resignation.
- % Ms. Poornima Prabhu was appointed as an Additional Independent Director with effect from March 24, 2017.
- ^^ Mr. Anil Singhvi was appointed as Chairman of the Company with effect from May 25, 2017.
- ** Ms. Nisha Dutt was appointed as Chairperson of Nomination and Remuneration Committee with effect from May 25, 2017.

C. Number and Dates of Board Meetings

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

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

D. Disclosure of relationships between directors inter-se:

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

E. Details of Shareholding of Non- Executive Directors:

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

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

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

F. Familiarization Programme for Independent Directors

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

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

III. AUDIT COMMITTEE

A. Terms of Reference

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

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

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

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

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

- Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussing any related issues with the internal and statutory auditors and the management of the company, if any.
 - Approving of any subsequent modification of transactions of the company with related parties;
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee) submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
 - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32 (7) of the SEBI (LODR) Regulations, 2015.
 - Statement of deviation(s) or variation(s) as specified in Regulation 32(1) of the SEBI (LODR) Regulations, 2015.
- The current charter of the Audit Committee is in line with the provisions of The Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and regulatory changes formulated by SEBI and international best practices.

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

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

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

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

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

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

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

C. Meetings and Attendance of the Committee during the Year

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

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

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

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

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

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

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

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

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

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

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

IV. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

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

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

B. Meetings and Attendance of the Committee during the Year

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

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

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

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

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

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

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

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

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

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

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

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

Details of remuneration paid to the directors were as follows:

(In INR Lakhs)

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

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

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

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

**** Benefits provided to Mr. Surjeet Singh:**

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

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

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

D. Performance Evaluation

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

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

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

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

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

B. Meetings and Attendance of the Committee during the Year

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

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

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

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

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

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

VI. ESOP COMMITTEE (COMPENSATION COMMITTEE)

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

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

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

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

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

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

B. Meetings and Attendance during the Year

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

VII. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

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

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

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

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

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

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

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

B. Meetings and Attendance of the Committee during the Year

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

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

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

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

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

VIII. RISK MANAGEMENT COMMITTEE

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

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

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

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

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

B. Meetings and Attendance during the Year

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

IX. INDEPENDENT DIRECTOR

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

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

X. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

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

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

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

XI. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

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

Details of the Special Resolutions passed at the Last Three AGMs

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining too
August 14, 2014	3	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2013 to October 04, 2014 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of one year 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of one year
June 19, 2015	7	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2014 to October 04, 2015 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of five years 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of five years, 4. Issuance of shares pursuant to reset of Conversion Price of FCCB's, 5. Increase in Authorised Share Capital of the Company 6. Alteration of Capital Clause contained in the Memorandum of Association and 7. Approval of Borrowing limits of the Company.
September 12, 2016	2	<ol style="list-style-type: none"> 1. Alteration of Articles of Association of the Company 2. Reappointment of Mr. Surjeet Singh as Managing Director and CEO of the Company for a period of one year from October 05, 2016 to October 04, 2017

B. Location and Time of the Last Three EGMs

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

C. Postal Ballot during year 2016-17

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

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

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

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

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

XII. SUBSIDIARY COMPANIES

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

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

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

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

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

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

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

B. INSIDER TRADING

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

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

C. FINES

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

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

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

D. CEO/CFO CERTIFICATION

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

E. CODE OF CONDUCT

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

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

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

XIV. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

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

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

XV. MANAGEMENT DISCUSSION AND ANALYSIS

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

XVI. GENERAL SHAREHOLDER INFORMATION

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

XVII. PRACTISING COMPANY SECRETARIES CERTIFICATE

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

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

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

A. The Board

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

B. Shareholders' Rights

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

C. Modified opinion(s) in Audit Report

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

D. Separate Posts of Chairperson and Chief Executive officer

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

E. Reporting of Internal Auditor

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

For Subex Limited

Surjeet Singh

Managing Director & CEO

DIN: 05278780

Place: California, USA

Date: June 5, 2017

Anil Singhvi

Chairman & Independent Director

DIN:00239589

Place: Mumbai, India

Date: June 5, 2017

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

To,
The Members of Subex Limited

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

Place: California, USA
Date: June 05, 2017

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

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

To,
The Board of Directors
Subex Limited

Dear Sirs

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

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

Surjeet Singh
Managing Director & CEO
DIN: 05278780

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

Place: Bangalore
Date: May 25, 2017

Place: Bangalore
Date: May 25, 2017

Management Discussion and Analysis

OVERVIEW

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

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

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

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

COMPANY OVERVIEW

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

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

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

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

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

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

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



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

*Telecom Operators 500, 2015

#The World's Largest Telecom Companies 2015 - Forbes

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

OPPORTUNITIES

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

THREATS

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

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

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

OUR REVENUE MODEL

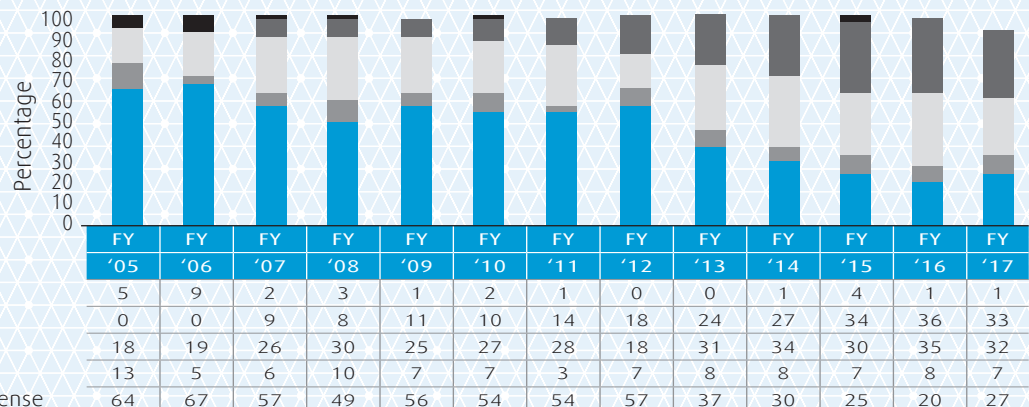
Our revenue generally comes from sale and implementation of its licences and implementation of its proprietary software and managed support services.

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

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

Finally, we have been experiencing increasing success with

Revenue composition



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

OUR PRODUCTS

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

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

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

Functions of ROC:

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



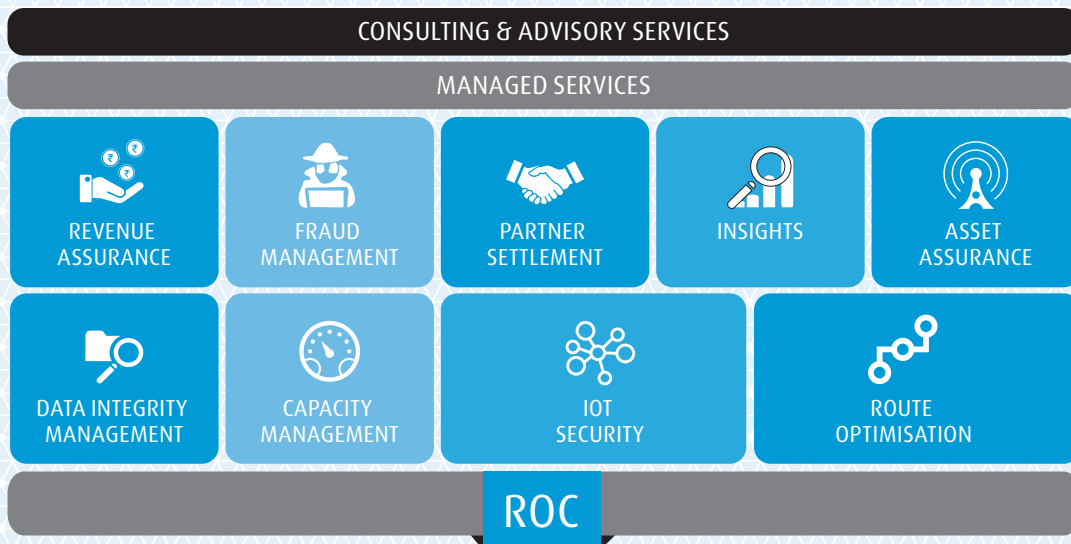
**DRIVE NEW
BUSINESS
MODELS**



**ENHANCE
CUSTOMER
EXPERIENCE**



**OPTIMISE
ENTERPRISE**



ROC Revenue Assurance

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

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

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

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

ROC Fraud Management

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

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

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

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

ROC Partner Settlement

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

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

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

ROC Route Optimization

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

IoT Security Solution - Subex Secure

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

remote attestation.

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

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

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

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

ROC Asset Assurance

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

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

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

ROC Data Integrity Management

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

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

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

ROC Capacity Management

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

ROC Insights

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

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

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

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

Consulting & Advisory Services

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

Subex offers consulting and advisory services in the following domains:

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

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

Managed Services

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

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

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

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

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

expertise on various BSS / OSS domains

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

End-to-End Managed Services

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

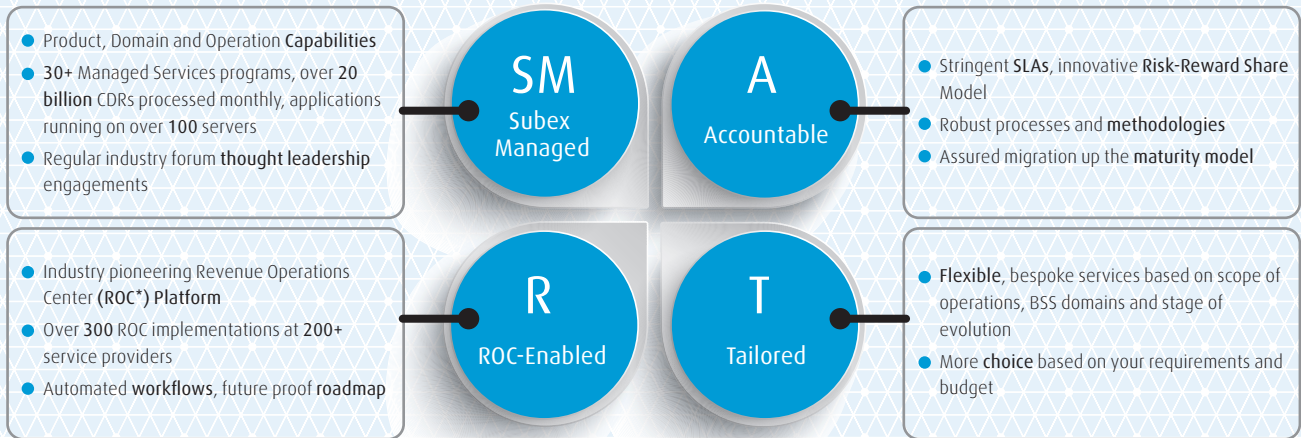
On-demand, Software-as-a-Service (SaaS) – ROC cloud

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

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

Subex Managed Services

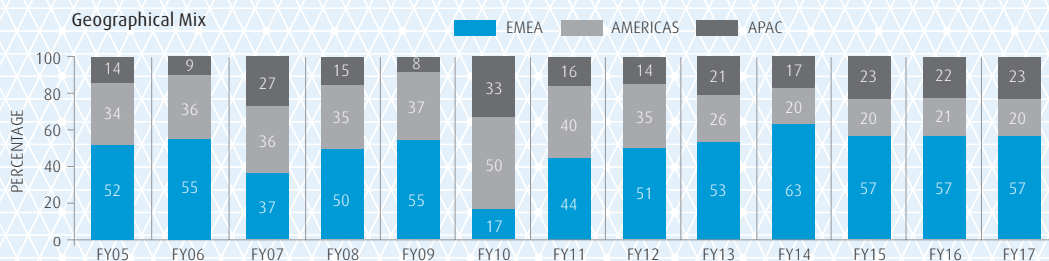
SMART services leveraging proven technology



Services leveraging proven technology

OUR GLOBAL CUSTOMER BASE

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

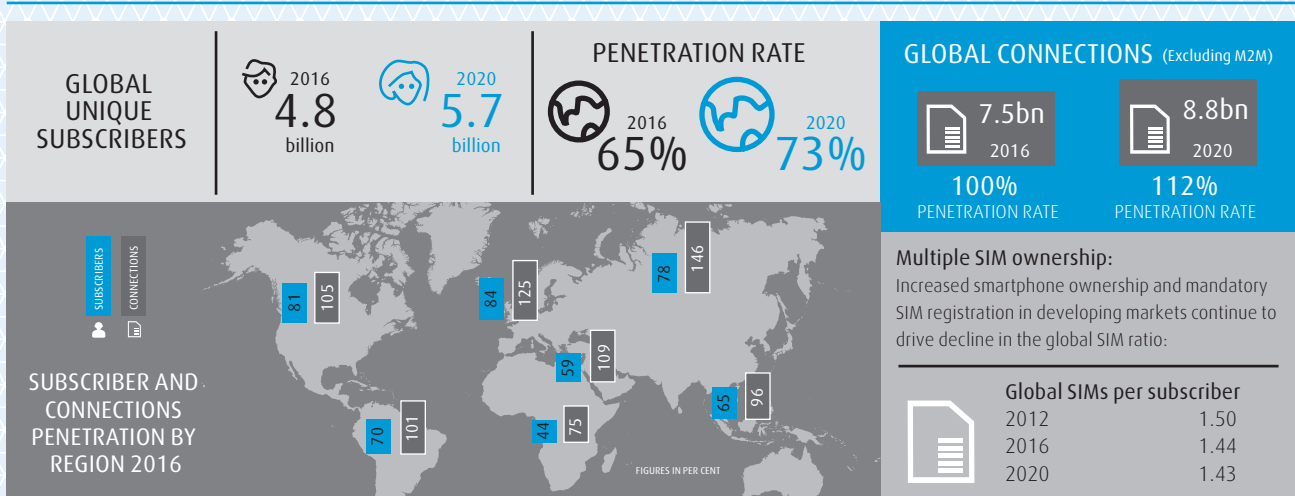


THE CSP INDUSTRY – the mobile market and its outlook

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

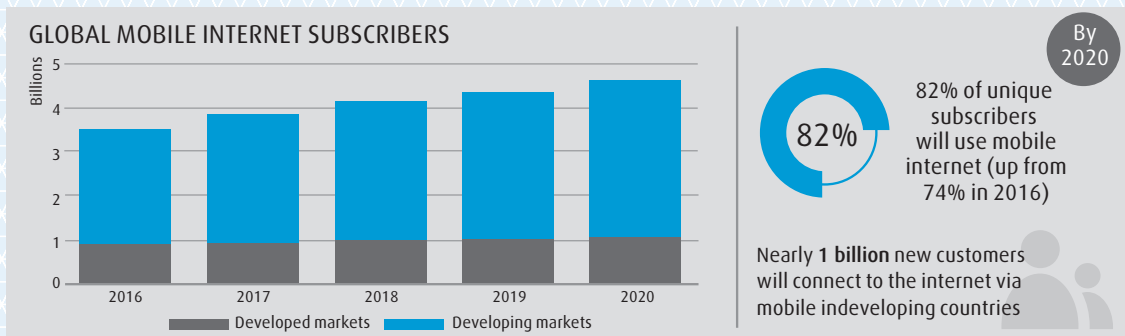
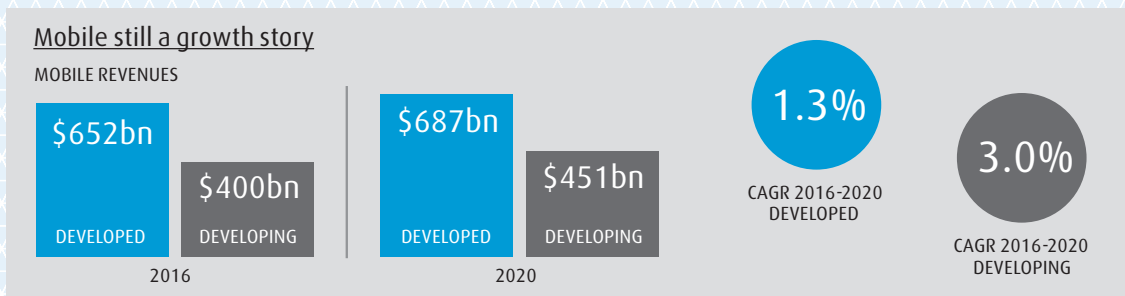
As per GSMA, at the end of 2016, there were 4.8 billion unique mobile subscribers globally, equivalent to 65% of the world's population. By 2020, almost 73% of the global population

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



Source: GSMA

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



Source: GSMA

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

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

GLOBAL 4G-LTE FORECASTS : 2012-2020

2016



2020

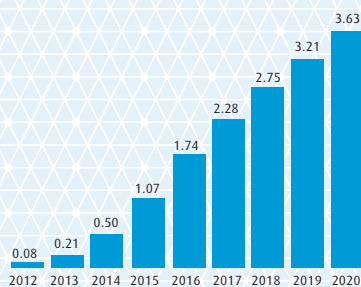


Source: GSMA

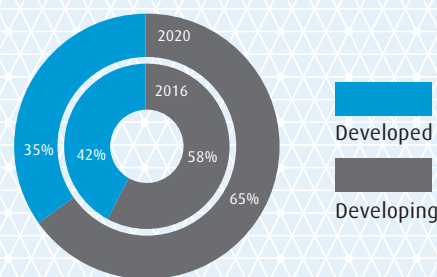
As per GSMA, the number of 4G operators to increase by a third by 2020. In 2016, there were 1.74 billion (excluding M2M) 4G-LTE connections which are likely to grow to 3.6 billion (excluding M2M) by 2020. More than 40% of global telecom connections would run on 4G-LTE networks by 2020, from 23% in Q4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

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

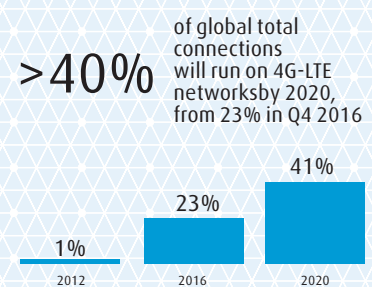
Global 4G-LTE connections, in billions (excluding M2M)



Developing and developed markets; share of global LTE connections



% of global total connections (excluding M2M)



Source: GSMA

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

RISKS AND CONCERNS

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

Reduction in Consumer and Business Purchasing

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

Consolidation in our customer base

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

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

Dependence on the Communications Service Providers as our sole customers

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

Security

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

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

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

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

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

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

Technology changes and obsolescence may impact our business

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

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

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

Recruiting and Retention of Personnel is challenging

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

Adequately Protecting Our Intellectual Property may not be possible

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

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

Allegations of Infringement of Third Party Intellectual Property poses Risks

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

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

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

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

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

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

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

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

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

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

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

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

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

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

SEZ related taxation benefits may be uncertain

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

Failure to Fulfill Contractual Obligation May Lead to Claims

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

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

Debt Obligations

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

(amount in US\$ million)

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

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

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

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis

Amount in ₹ Lakhs

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

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

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

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

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

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

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

Reserves And Surplus

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

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

Securities Premium Account represents the premium collected on:

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

Employee Stock Options

In accordance with the Securities and Exchange Board of India

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

Short Term Borrowings

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

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

Long Term Borrowings (including current maturities)

On a consolidated basis and standalone basis:

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

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

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

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

Property, plant & equipment and intangible assets

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

Investments

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

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

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

Trade Receivables

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

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

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

Cash and Cash Equivalents

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

Long-terms Loans and Advances

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

STATEMENT OF PROFIT & LOSS

Income

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

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

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

Other Income

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

Expenditure

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

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

Operating Profits

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

Interest & Bank Charges

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

Depreciation and amortisation

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

Provision for Tax

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

Net loss

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

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

Exceptional Item

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

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

Loss per Share

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

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

Subexians

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

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

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

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

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

Recruitment

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

The main sources for hires were referrals from Subexians (the

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

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

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

Induction and Training

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

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

Performance Management System

Foundation Competencies are the basic Values based

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

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

goals and performance.

Compensation

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

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

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

Financial section

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

paragraphs 3 and 4 of the Order

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

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

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

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

Re: Subex Limited

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

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

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

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

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

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

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

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no

fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 35(b)(iii) to the standalone Ind AS financial statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not

applicable to the Company and hence not commented upon.

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

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

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

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Opinion

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Standalone balance sheet as at March 31, 2017

(₹ in Lakhs)

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

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date: May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date: May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

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

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

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

As per our report of even date

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

per Rajeev Kumar
Partner
Membership number: 213803

Place: Bengaluru, India
Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
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Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Ganesh K.V
CFO & Global Head- Legal & Company
Secretary

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

A. Equity share capital (refer note 14):

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

B. Other equity (refer note 15):

(₹ in Lakhs)

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

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

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

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

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Director

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Place: Bengaluru, India

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Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Standalone statement of cash flows for the year ended March 31, 2017

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

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

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

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Director

DIN : 03114937

Place: Bengaluru, India

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Nisha Dutt

Director

DIN : 06465957

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

1. Corporate information

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

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

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

2. Significant accounting policies

a. Basis of preparation

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

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

b. Use of estimates, assumptions and judgements

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

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

Revenue recognition

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

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

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

Impairment of non-financial assets

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

Impairment of financial assets

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

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

Defined benefit plans

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

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

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

Fair Value measurement of financial instruments

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

Share-based payments

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

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

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

Taxes

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

c. Current/ non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

d. Revenue recognition

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

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

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

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

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

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

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

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Company has applied the guidance in Ind AS18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

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

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

Interest:

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

e. Property, plant and equipment

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

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

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

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

f. Intangible assets

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

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

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

g. Depreciation and amortisation

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

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

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

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

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

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

h. Impairment

Financial Assets:

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

Impairment of non-financial assets:

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

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

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

i. Equity investments in subsidiaries

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

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

j. Leases

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

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

Company as a lessee:

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

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

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

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

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

k. Financial instruments

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

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

Cash and cash equivalents

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

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

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

Financial liabilities

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

Derecognition of financial assets and liabilities

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

Embedded derivatives

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

Compound financial instruments

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

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

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Standalone statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

n. Employee share based payments

The Company measures compensation cost relating to employee stock options plans using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the standalone statement of profit and loss.

Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the standalone statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to "surplus/(deficit) in the statement of profit and loss".

Short-term employee benefits

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

Long-term employee benefits

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

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

p. Foreign currencies

Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss.

The Company's standalone financial statements are presented in INR. The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

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

q. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

r. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

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

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

s. Earnings/(loss) per share

Basic earnings/(loss) per share is computed by dividing the profit/(loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

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

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

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

u. Measurement of EBIT

As permitted by the Guidance Note on the Schedule III to the Companies Act, 2013, the Company has elected to present earnings before interest and tax (EBIT) as a separate line item on the face of the standalone statement of profit and loss. The Company measures EBIT on the basis of profit/(loss) from its operations. In its measurement, the Company does not include, interest income, finance costs and tax expense.

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

Note 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 01, 2015	407.47	3.06	0.13	36.34	447.00
Additions	96.47	4.35	0.68	3.03	104.53
Disposals	(2.56)	-	-	(1.56)	(4.12)
As at March 31, 2016	501.38	7.41	0.81	37.81	547.41
Additions	251.35	-	11.09	12.18	274.62
Disposals	(1.01)	-	-	(0.05)	(1.06)
As at March 31, 2017	751.72	7.41	11.90	49.94	820.97
Depreciation					
As at April 01, 2015	-	-	-	-	-
Charge for the year	205.69	2.23	0.16	12.05	220.13
Disposals	(1.70)	-	-	(0.40)	(2.10)
As at March 31, 2016	203.99	2.23	0.16	11.65	218.03
Charge for the year	227.15	1.91	1.91	10.08	241.05
Disposals	(0.17)	-	-	(0.01)	(0.18)
As at March 31, 2017	430.97	4.14	2.07	21.72	458.90
Net block					
As at April 01, 2015	407.47	3.06	0.13	36.34	447.00
As at March 31, 2016	297.39	5.18	0.65	26.16	329.38
As at March 31, 2017	320.75	3.27	9.83	28.22	362.07

Note 4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer software	Total
Gross Block		
As at April 01, 2015	103.18	103.18
Additions	13.34	13.34
Disposals	-	-
As at March 31, 2016	116.52	116.52
Additions	78.38	78.38
Disposals	-	-
As at March 31, 2017	194.90	194.90
Amortization		
As at April 01, 2015	-	-
Amortization for the year	43.33	43.33
Disposals	-	-
As at March 31, 2016	43.33	43.33
Amortization for the year	31.90	31.90
Disposals	-	-
As at March 31, 2017	75.23	75.23
Net block		
As at April 01, 2015	103.18	103.18
As at March 31, 2016	73.19	73.19
As at March 31, 2017	119.67	119.67

Note: Refer note no 16 for the assets given on security.

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

Note 5. INVESTMENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Investment carried at cost (unquoted equity instruments)			
<i>Investments in equity shares in wholly owned subsidiaries</i>			
4,999,994 (March 31, 2016: 3,999,994; April 1, 2015: 3,999,994) equity shares of ₹10 each fully paid up in Subex Technologies Limited, India (Impairment on investment ₹500.00 Lakhs [March 31, 2016: ₹400.00 Lakhs; April 1, 2015: ₹400.00 Lakhs]) (refer note 29[ii])	-	-	-
5,039,565,245 (March 31, 2016: 5,039,565,245; April 1 2015: 5,039,565,245) equity shares of GBP 0.00001 each fully paid in Subex (UK) Ltd. (refer note 16 for the details of investments given as security and refer note 45 for impairment assessment).	64,738.68	64,738.68	64,738.68
100 (March 31, 2016: 100; April 1, 2015: 100) equity shares fully paid, no-par value, in Subex Americas Inc., Canada (Impairment on investment ₹76,560.00 Lakhs [March 31, 2016 ₹70,490.00 Lakhs; April 1, 2015: ₹65,000.00 Lakhs]) (Refer note 29[ii]).	935.74	7,005.74	12,495.74
1 (March 31, 2016: 1; April 1 2015: Nil) equity shares of AED 150,000 each fully paid, in Subex Middle East (FZE), UAE*.	27.06	27.06	-
	65,701.48	71,771.48	77,234.42
Aggregate amount of unquoted investments in subsidiaries	1,42,761.48	1,42,661.48	1,42,634.42
Aggregate amount of impairment of investments	77,060.00	70,890.00	65,400.00
	65,701.48	71,771.48	77,234.42

* Investment in Subex Middle East (FZE), UAE as at March 31, 2016 represents share application money.

Note 6. LOANS

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Loans to related parties (refer note 33)			
Considered good	-	-	1,849.90
Considered doubtful	2,094.47	3,665.43	1,705.67
Less: Provision for doubtful loans and advances	(2,094.47)	(3,665.43)	(1,705.67)
	-	-	1,849.90
Others (considered good)			
Security deposit	348.98	313.17	685.17
	348.98	313.17	2,535.07
Current (considered good)			
Loans and advances to employees	179.69	164.81	202.68
	179.69	164.81	202.68

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

Note 7. OTHER BALANCES WITH BANKS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Other bank balances (refer note 9)			
Margin money deposits*	126.14	59.31	15.65
	126.14	59.31	15.65

* Represents the margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the balance sheet date, these deposits are made for varying periods, depending on the requirements of business and earn interest at the respective term deposit rates.

Note 8. TRADE RECEIVABLES*

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Considered good	-	-	7,127.07
Considered doubtful	10,407.72	14,216.10	13,208.43
Less: Provision for doubtful debts **	(10,407.72)	(14,216.10)	(13,208.43)
	-	-	7,127.07
Current			
Considered good	18,966.08	49,688.01	52,225.19
	18,966.08	49,688.01	52,225.19

* includes dues from related parties. Refer note 33.

** During the year ended March 31, 2017, the Company has written off bad debts amounting to ₹4,854.64 Lakhs (March 31, 2016 : ₹998.01 Lakhs) including inter company receivables.

As at March 31, 2017, the Company has netted off ₹28,734.61 Lakhs of trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivables due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

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

Note 9. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Balance with banks			
In current accounts	130.14	103.41	57.06
In EEFC accounts	21.13	92.12	73.66
	151.27	195.53	130.72
Non-current			
Other balances with banks			
Deposits with remaining maturity for more than 12 months	126.14	59.31	15.65
	126.14	59.31	15.65
Less: Disclosed under other balances with banks (Non-current) (Refer note 7)	(126.14)	(59.31)	(15.65)
	-	-	-

For the purpose of the statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

Note 10. OTHER FINANCIAL ASSETS

Unsecured, considered good
Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance recoverable from former directors (Refer note 35[b])	233.80	233.80	233.80
	233.80	233.80	233.80
Current			
Unbilled revenue	2,525.96	1,551.08	1,951.00
Interest accrued but not due on bank deposits	10.15	3.91	2.01
	2,536.11	1,554.99	1,953.01

Note 11. INCOME TAX ASSETS (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance income-tax [net of provision for taxation ₹664.82 Lakhs (March 31, 2016: ₹ 570.45 Lakhs (April 1, 2015: ₹569.95 Lakhs)]	1,872.78	1,661.22	1,660.66
	1,872.78	1,661.22	1,660.66

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

Note 12. DEFERRED TAX ASSET

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Minimum alternative tax ('MAT') credit entitlement	478.13	383.93	-
	478.13	383.93	-

Note 13. OTHER ASSETS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Balance with statutory/ government authorities*	266.90	266.90	266.90
Advance recoverable in cash or kind			
Prepaid expenses	297.43	349.98	-
	564.33	616.88	266.90
Current			
Advance recoverable in cash or kind			
Prepaid expenses	537.97	439.66	241.62
Advance to suppliers	169.15	3.59	234.38
Balance with statutory/ government authorities	59.90	17.60	-
Expenses incurred on behalf of customers	55.45	60.27	56.42
	822.47	521.12	532.42

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

Note 14. SHARE CAPITAL

Authorised share capital	No.	₹ in Lakhs
Equity shares of ₹10 each		
As at April 1, 2015	495,040,000	49,504.00
Increase during the year	50,000,000	5,000.00
As at March 31, 2016	545,040,000	54,504.00
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504.00
Preference shares ₹98 each		
As at April 1, 2015	200,000	196.00
Increase during the year	-	-
As at March 31, 2016	200,000	196.00
Increase during the year	-	-
As at March 31, 2017	200,000	196.00

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

Note 14. SHARE CAPITAL (contd.)

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

* includes 243,207 (March 31, 2016: 243,207; April 1, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/ rights attached to equity shares

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

The Company had not declared any dividend during the year ended March 31, 2017 and March 31, 2016.

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

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

Equity shares of ₹10 each issued, subscribed and fully paid

Name of the shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of total shares	No.	% of total shares	No.	% of total shares
QVT Mauritius West Fund & Quintessence Mauritius West Fund	47,843,816	9.44	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	17,436,426	3.44	21,559,422	4.29	10,892,721	6.01
Nomura Singapore Limited	2,806,956	0.55	881,257	0.18	10,234,433	5.64
Merrill Lynch Capital Markets Espana SA SV	-	-	4,311,884	0.86	10,192,621	5.62
Suffolk (Mauritius) Limited & Mansfield (Mauritius) Limited	-	-	-	-	17,372,221	9.58

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

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

c) Shares reserved for issue under options (No.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Outstanding employee stock options scheme under below schemes, granted/ available for grant: (refer note 36)			
ESOP 2000	-	-	1,925
ESOP 2005	92,368	144,979	741,072
ESOP 2008	28,301	130,500	475,010
(ii) FCCBs (refer note 31)			
FCCBs I	-	67,174	67,174
FCCBs II	-	839,721	839,721
FCCBs III	15,522,785	19,619,075	200,531,961
	15,643,454	20,801,449	202,656,863

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares (No.)			
Equity shares allotted as fully paid-up pursuant to contract (no.)	89,335,462	89,335,462	89,335,462
(In accordance with the terms of FCCBs III, out of the principal face value of US\$ 127.72 Million (₹71,592.81 Lakhs), an amount of US\$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012. Also refer note 31)			

Note 15. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Equity component of compound financial instruments		
Balance as per last financial statements	259.40	4,648.16
Less: Conversion of FCCBs	(54.16)	(4,388.76)
Closing balance	205.24	259.40
Securities premium		
Balance as per last financial statements	24,377.59	13,215.75
Add: Additions during the year on conversion of FCCBs	122.89	11,161.84
Closing balance	24,500.48	24,377.59
General reserve		
Balance as per last financial statements	1,779.76	1,779.76
Add: Additions during the year	-	-
Closing balance	1,779.76	1,779.76

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

Note 15. OTHER EQUITY (contd.)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Employee stock options reserve		
Balance as per last financial statements	16.30	78.10
Less: Compensation on ESOP cancelled/lapsed during the year	(10.11)	(62.15)
Add: Deferred stock compensation expenses	0.25	0.35
Closing balance	6.44	16.30
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(12,996.10)	(10,750.95)
Less: Loss for the year	(683.50)	(20,997.69)
Add: Residual portion of FCCBs conversion	256.06	18,757.58
Less: OCI- Remeasurement loss on defined benefit obligations	(33.16)	(5.04)
Closing balance	(13,456.70)	(12,996.10)

Summary of other equity:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity component of compound financial instruments	205.24	259.40	4,648.16
Securities premium account	24,500.48	24,377.59	13,215.75
General reserve	1,779.76	1,779.76	1,779.76
Employee stock options reserve	6.44	16.30	78.10
Surplus/(deficit) in the statement of profit and loss	(13,456.70)	(12,996.10)	(10,750.95)
Total other equity	13,035.22	13,436.95	8,970.82

Note 16. BORROWINGS

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Foreign currency convertible bonds (note 31)			
Secured*	-	2,860.16	48,151.16
Unsecured**	-	-	1,811.99
Current maturities of long-term borrowings:			
Secured*	2,277.17	-	-
Unsecured**	-	2,071.31	-
	2,277.17	4,931.47	49,963.15
Less: Disclosed under other financial liabilities (current) (refer note 18)	(2,277.17)	(2,071.31)	-
	-	2,860.16	49,963.15
Current			
Loans repayable on demand from banks (Secured)			
Loan Type - I (refer note [i] & [iii])	5,216.24	6,045.73	6,906.14
Loan Type - II (refer note [i], [ii] & [iii])	3,373.67	4,350.01	5,600.40
	8,589.91	10,395.74	12,506.54

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

* Secured FCCBs are carried at amortised cost at an effective interest rate of 9% (March 31, 2016: 9%, April 1, 2015: 9%) with maturity date July 07, 2017.

** Unsecured FCCBs are carried at amortised cost at an effective interest rate of 10.5% (March 31, 2016: 10.5%, April 1, 2015: 10.5%) with maturity date March 09, 2017. These FCCBs were repaid on due date.

(i) The secured loan from banks are secured by primary charge on customer receivables of the Company and *pari-passu* first charge on the current assets of the Company, and collateral *pari-passu* first charge on the fixed assets of the Company, collateral *pari-passu* first charge along with other working capital lenders and FCCB holders to the extent of the FCCBs III repayment fund to be set up with the working capital lenders.

(ii) The Company has also submitted a corporate guarantee by Subex Technologies Limited of ₹4,205.00 Lakhs (March 31, 2016 : ₹5,570.00, April 1, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹4,205.00 Lakhs (March 31, 2016: ₹5,570.00 Lakhs; April 1, 2015: ₹6,495.00 Lakhs) and pledged its 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹2,933.84 Lakhs (March 31, 2016: ₹1,762.89 Lakhs, April 1, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹1,419.53 Lakhs (March 31, 2016: ₹3,945.39 Lakhs, April 1, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,236.54 Lakhs (March 31, 2016: ₹4,687.46 Lakhs, April 1, 2015: ₹5,402.71 Lakhs), which carried an average interest rate of 11.67%, 3.89% and 5.51% (March 31, 2016: 12.91%, 4.05% and 5.89%, April 1, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Note 17. TRADE PAYABLES*

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises (refer note 17 [i])	-	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises*	14,382.81	45,166.62	45,693.03
	14,382.81	45,171.45	45,696.09

* includes dues to related parties. Refer note 33.

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing and are normally settled on 30 - 45 day terms.
- for explanations on the Company's credit risk management, refer to note 40.

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

17[i]. Details of dues to micro enterprises and small enterprises:

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

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	0.06
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid.	-	-	-

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

Note 18. OTHER FINANCIAL LIABILITIES

Carried at amortised cost

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Interest accrued but not due on borrowings	-	571.08	6,323.97
	-	571.08	6,323.97
Current			
Employee related liabilities	694.44	652.13	715.11
Interest accrued but not due on borrowings	500.83	2.98	815.94
Current maturities of long-term borrowings (refer note 16)	2,277.17	2,071.31	-
	3,472.44	2,726.42	1,531.05

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

Note 19. OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in Lakhs)			
Current			
Unearned revenue	1,001.07	856.11	473.67
Statutory remittances (refer note 47)	214.82	252.88	265.38
	1,215.89	1,108.99	739.05

Note 20. Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in Lakhs)			
Non-current			
Provisions for employee benefits			
Gratuity (refer note 37 [b])	249.96	258.36	320.15
	249.96	258.36	320.15
Current			
Provisions for employee benefits			
Gratuity (refer note 37 [b])	31.31	32.43	7.95
Leave benefits	134.74	128.22	114.22
Provision for litigations*	100.00	100.00	100.00
	266.05	260.65	222.17

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 35(b) for further details.

Note 21. INCOME TAX LIABILITIES (NET)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in Lakhs)			
Current			
Provision for tax [net of advance tax ₹201.82 Lakhs (March 31, 2016: 201.82, April 1, 2015: ₹ Nil)]	182.12	182.12	-
Provision for wealth tax	-	-	0.82
Provision for foreign taxes	276.11	212.04	-
Provision for litigation [net of tax deducted at source ₹62.14 Lakhs (March 31, 2016: ₹62.14 Lakhs; April 1, 2015: ₹62.14 Lakhs)]*	101.70	101.70	101.70
	559.93	495.86	102.52

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 35(b) for further details.

Income tax expense in the statement of profit and loss consist of the following:

	Year ended March 31, 2017	Year ended March 31, 2016
(₹ in Lakhs)		
Tax expense:		
Current tax - income tax charge for the current year	348.00	918.31
Deferred tax (MAT Credit entitlement)	(94.20)	(383.93)
Total tax expense	253.80	534.38

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

Notes:

21(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/deductible by customers.
21(ii) No deferred tax asset, other than MAT credit entitlement has been recognised in the absence of reasonable certainty that taxable profit will be available against which the unused tax losses, unused tax credit and other deductible temporary differences can be utilised.

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Loss before tax	(429.70)	(20,463.31)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	-	-
Components of tax expense:		
Current tax:		
Provision for foreign withholding taxes	253.80	534.38
MAT payable at 18.5% on the adjusted book profits of the company in accordance with the provisions of Income Tax Act, 1961	94.20	383.93
Deferred tax:		
MAT credit entitlement available on the MAT payable as mentioned above as per the provisions of Income Tax Act, 1961	(94.20)	(383.93)
Total adjustments (B)	253.80	534.38
Total tax expense (A+B)	253.80	534.38

Note 22. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products	1,331.52	1,681.64
Sale of services	31,109.10	27,900.66
	32,440.62	29,582.30
Details of products sold		
Sale of license	1,167.91	1,458.29
Sale of hardware and software	163.61	223.35
	1,331.52	1,681.64
Details of services rendered		
Implementation and customisation	3,852.78	3,482.40
Managed services	4,034.61	4,233.92
Support services	4,498.55	3,865.58
Sub-contracting services	18,715.24	16,287.40
Others	7.92	31.36
	31,109.10	27,900.66

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

Note 23. OTHER INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Net gain on disposal of property, plant and equipment	0.75	-
Write back of withholding taxes paid earlier (refer note 47)	1,036.59	-
Miscellaneous income	0.90	41.84
	1,038.24	41.84

Note 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus*	7,865.25	7,251.00
Contribution to provident and other funds	330.55	274.55
Staff welfare expenses	341.23	349.22
	8,537.03	7,874.77

* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹70.00 Lakhs (March 31, 2016: ₹380.83 Lakhs).

Note 25. OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of software	230.13	358.10
Sub-contract charges	147.91	131.49
Rent	1,264.44	1,188.00
Power and fuel	185.36	190.36
Repairs and maintenance		
Building	108.22	108.39
Others	367.77	350.82
Insurance	90.30	85.08
Communication costs	98.03	106.34
Printing and stationery	27.12	21.95
Traveling and conveyance	1,908.65	1,489.60
Rates and taxes	66.06	105.68
Advertisement and business promotion	128.21	46.62
Consultancy charges	557.81	354.65
Payments to auditors (refer note 25 [i])	117.13	95.91
Marketing and allied service charges	11,676.28	11,385.20
Sales commission*	37.15	219.35
Provision for doubtful debts	1,094.20	(406.92)
Exchange fluctuation loss (net)	712.77	697.42
Directors sitting fees	49.00	54.00
Loss on sale of fixed assets (net)	-	1.05
Miscellaneous expenses	7.50	6.46
	18,874.04	16,589.55

* Sales commission for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹Nil (March 31, 2016: ₹107.68 Lakhs).

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

Note 25 [i] Payments to the auditor (excluding service tax):

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
As auditor		
Audit fee	100.00	85.00
Tax audit fee	4.00	4.00
In other capacity		
Other services (certification fees)	-	2.50
Reimbursement of expenses	13.13	4.41
	117.13	95.91

Note 26. DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	241.05	220.13
Amortization of intangible assets (refer note 4)	31.90	43.33
	272.95	263.46

Note 27. FINANCE INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on:		
Security deposits	35.83	61.74
Bank Deposits	11.02	2.80
Inter-company loans and advances	168.61	189.84
	215.46	254.38

Note 28. FINANCE COST

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
Foreign currency convertible bonds (refer note 31)	494.04	3,753.78
Other borrowings	657.43	1,003.27
Other finance charges	20.81	25.20
Bank charges	333.19	319.38
	1,505.47	5,101.63

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

Note 29. EXCEPTIONAL ITEMS (NET)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(i) Inter company balances (refer note 29[i])		
Provision for doubtful advances	-	(1,959.76)
Provision for doubtful debts	-	(2,455.31)
Bad debts written off	-	(10,475.97)
Provision for doubtful advances no longer required written back	1,578.94	-
	1,578.94	(14,891.04)
(ii) Impairment of investments in subsidiaries (refer note 29 [ii])	(6,170.00)	(5,490.00)
	(6,170.00)	(5,490.00)
	(4,591.06)	(20,381.04)

29[i] As at March 31, 2016, the Company had assessed the recoverability of its receivables and loans and advances from its overseas subsidiaries. Based on future operational plan, projected cash flows and the financial position of these subsidiaries, the Company had made a provision of ₹2,455.31 Lakhs (net off adjustment towards provision for expected credit loss of ₹5,906.28 Lakhs) and ₹1,959.76 Lakhs towards trade receivables and loans and advances respectively due from these subsidiaries. Further, the Company had also written off ₹10,475.97 Lakhs as bad debts towards trade receivables from these subsidiaries as at March 31, 2016. During the year ended March 31, 2017, provision for doubtful advances amounting to ₹1,578.94 Lakhs has been written back on collection of the aforesaid loans and advances.

29[ii] As at March 31, 2017, the Company had assessed the carrying value of its investment in its wholly owned subsidiary viz., Subex Americas Inc., of ₹7,005.74 Lakhs (March 31, 2016: ₹12,495.74 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,070.00 Lakhs (March 31, 2016: ₹5,490.00 Lakhs) towards the carrying value of its investment in the said subsidiary. The management is of the view that, the carrying value of the aforesaid investment in the said subsidiary of ₹935.74 Lakhs, as at March 31, 2017 is appropriate.

Also, during the current year the Company has made provision for impairment of ₹100.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of its investment in the Subex Technologies Limited as the said subsidiary is under liquidation.

Note 30. EARNINGS/(LOSS) PER SHARE

Basic earning/(loss) per share (EPS) amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2017	Year ended March 31, 2016
Nominal value per equity share (₹ per share)	10.00	10.00
Loss attributable to equity shareholders (₹ in Lakhs)	(683.50)	(20,997.69)
Weighted average number of equity shares (No. in Lakhs)	5,063.00	2,904.20
Loss per share basic and diluted (₹ per share)*	(0.13)	(7.23)

* Foreign currency convertible bonds and employee stock options outstanding as at March 31, 2017 and March 31, 2016 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

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

Note 31. FOREIGN CURRENCY CONVERTIBLE BONDS

a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds ("FCCBs I") aggregating to US\$ 180 Million, with an interest rate of 2% p.a. payable semi-annually in arrears, with terms of conversion being :

- i) Exchange rate for conversion of FCCB : ₹44.08/ US\$
- ii) Conversion price : ₹656.20 per share
- iii) Redemption date : March 09, 2012
- iv) Premium payable on redemption : US\$. 14.05 Million.
- v) Listing on the London Stock Exchange

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

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

- i) Interest rate : 5% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹48.17/ US\$
- iii) Conversion price : ₹80.31 per share
- iv) Redemption date : March 09, 2012
- v) Premium payable on redemption : US\$. 23.23 Million.
- vi) Listing on the Singapore Exchange Securities Trading Limited

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

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

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

The terms and conditions of FCCBs III are as under :

- i) Interest rate : 5.70% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹56.0545/ US\$

Notes to the standalone financial statements for the year ended March 31, 2017

- iii) Equity Conversion price : ₹22.79 per share
- iv) Redemption date : July 07, 2017
- v) Listing on the Singapore Exchange Securities Trading Limited
- vi) Second ranking pari-passu charge in respect of all movable properties, present & future, covered under the existing security and first ranking charge in respect of all movable properties, present & future, other than and to the extent covered by the existing security. First ranking charge on FCCB repayment fund on a paripassu basis jointly and equally with SBI and Axis Bank Ltd. The promoters of the company have pledged their shares towards securing the repayment of FCCBs III.
- vii) Mandatory conversion of bonds with a face value of US\$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.
- c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US\$ 180 Million convertible unsecured bonds and US\$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US\$ 1 Million and FCCBs II of face value US\$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.
- During the year ended March 31, 2017, the FCCBs I and FCCBs II are repaid in full along with the accrual premium applicable on these bonds on the maturity date.
- d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.
- As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US\$ 3.60 Million as at March 31, 2017 would potentially be converted into 15,522,785 equity shares at an exchange rate of ₹56.0545/US\$ with a conversion price of ₹13 per equity share.
- e) (i) Of the outstanding FCCBs III of US\$ 91.40 Million as of July 2012, US\$ 87.80 Million have been converted till year ended March 31, 2017 as detailed below:

Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610
2016-17	0.95	₹56.0545	₹13.00	4,096,290

Notes to the standalone financial statements for the year ended March 31, 2017

(ii) The face value of FCCBs outstanding as on March 31, 2017 is as follows:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	-	-	1.00	662.55	1.00	625.00
FCCBs II	-	-	1.40	927.57	1.40	875.00
FCCBs III	3.60	2,334.60	4.55	3,014.60	81.53	50,956.25
Total	3.60	2,334.60	6.95	4,604.72	83.93	52,456.25

- f) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.73 Million (₹473.41 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 3.60 Million (₹2,334.60 Lakhs) for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.
- g) Upon extinguishment of liability (i.e. principal and interest accrued), due to conversion of FCCBs III, the portion of liability in excess of share capital and securities premium as the date of conversion is credited to surplus/ deficit of profit and loss. Refer note 15.
- h) The amortised cost of the borrowings and fair value and equity component of FCCBs outstanding as on March 31, 2017 is as follows:

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. FCCBs outstanding:			
FCCBs I	-	831.27	717.88
FCCBs II	-	1,240.04	1,094.11
FCCBs III	2,277.17	2,860.16	48,151.16
Total	2,277.17	4,931.47	49,963.15
II. Equity component of convertible bonds	205.24	259.40	4,648.16

Note 32. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Notes to the standalone financial statements for the year ended March 31, 2017

Segment revenue by geographical location are as follows:*

(₹ in Lakhs)

Region	Year ended March 31, 2017	Year ended March 31, 2016
Americas	5,198.78	5,591.71
EMEA	21,046.84	14,039.36
India	2,642.46	2,013.55
APAC and rest of the world	3,552.54	7,937.68
	32,440.62	29,582.30

* Revenues by geographic area are based on the geographical location of the customer.

No external customer individually accounted for more than 10% of the total revenue of the Company for the years ended March 31, 2017 and March 31, 2016. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company. (Refer note 33).

Non-current operating assets by geographical location are as follows:**

(₹ in Lakhs)

Region	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	1,046.07	1,019.45	817.08
Outside India	-	-	-
Total non-current operating assets	1,046.07	1,019.45	817.08

** Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

Note 33. RELATED PARTY TRANSACTIONS

i. Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Technologies Inc.

Subex Middle East (FZE)

ii. Related parties under Ind AS 24 and as per The Companies Act, 2013

Key management personnel

Surjeet Singh

Managing Director and Chief Executive Officer

Anil Singhvi

Independent Director

Nisha Dutt

Independent Director

Poornima Prabhu

Independent Director - Appointed w.e.f March 24, 2017

Sanjeev Aga

Independent Director - Resigned w.e.f October 27, 2016

Priyanka Roy

Independent Director - Resigned w.e.f March 10, 2017

Ganesh KV

Chief Financial Officer, Global Head- Legal and Company Secretary

Notes to the standalone financial statements for the year ended March 31, 2017

iii. Details of the transactions with the related parties during the year ended March 31, 2017:

(₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. Transactions with wholly owned subsidiaries		
Income from software development and services:		
Subex (UK) Limited	10,586.55	9,591.20
Subex Inc.	3,322.20	3,789.03
Subex (Asia Pacific) Pte. Limited	1,885.93	1,432.41
Subex Americas Inc.	1,479.43	1,363.08
Subex Middle East (FZE)	1,441.13	111.68
	18,715.24	16,287.40
Marketing and allied service charges:		
Subex (UK) Limited	5,153.44	5,424.12
Subex Inc.	5,148.82	5,123.71
Subex Americas Inc.	630.68	471.30
Subex (Asia Pacific) Pte. Limited	521.19	360.98
Subex Middle East (FZE)	222.15	4.90
Subex Technologies Limited	-	0.19
	11,676.28	11,385.20
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	168.61	189.84
	168.61	189.84
Employee Stock Option expenses allocated to:		
Subex (UK) Limited	0.88	12.06
Subex Inc.	0.74	4.39
Subex (Asia Pacific) Pte. Limited	0.17	0.97
	1.79	17.42
Reimbursement of expenses made to:		
Subex (Asia Pacific) Pte. Limited	34.61	38.92
Subex (UK) Limited	29.22	19.11
Subex Inc.	0.81	26.73
Subex Americas Inc.	4.89	-
Subex Technologies Limited	0.93	-
	70.46	84.76
Reimbursement of expenses received from:		
Subex (Asia Pacific) Pte. Limited	8.50	586.51
Subex (UK) Limited	18.96	201.77
Subex Inc.	10.74	32.23
Subex Americas Inc.	0.02	0.76
Subex Middle East (FZE)	0.29	-
	38.51	821.27

Notes to the standalone financial statements for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	(1,578.94)	(1,074.54)
Subex (UK) Limited	-	4.67
Subex Inc.	2.56	2,738.89
Subex (Asia Pacific) Pte. Limited	-	2,734.05
Subex Technologies Limited	-	12.00
	(1,576.38)	4,415.07
Bad debts written off:*		
Subex (Asia Pacific) Pte. Limited	765.86	37.42
Subex Inc.	-	102.18
Subex (UK) Limited	-	395.68
Subex Americas Inc.	2,637.34	9,940.69
	3,403.20	10,475.97
Net off of trade receivables from subsidiaries against trade payables to respective subsidiaries during the year:**		
Subex (Asia Pacific) Pte. Limited	512.79	-
Subex Inc.	12,864.41	-
Subex (UK) Limited	10,664.54	-
Subex Americas Inc.	4,692.87	-
	28,734.61	-
Loans and advances given during the year:		
Subex Technologies Limited	-	6.30
	-	6.30
Investments in equity shares in wholly owned subsidiaries:		
Subex Technologies Limited	100.00	-
Subex Middle East (FZE)	-	27.06
	100.00	27.06
Impairment on investment during the year:		
Subex Americas Inc.	6,070.00	5,490.00
Subex Technologies Limited	100.00	-
	6,170.00	5,490.00
B. Transactions with key managerial personnel		
Salary and perquisites***		
Surjeet Singh	16.78	16.26
Ganesh KV	77.41	67.40
	94.19	83.66
Director sitting fees		
Anil Singhvi	22.00	22.50
Nisha Dutt	14.00	6.00
Sanjeev Aga	10.00	22.50
Priyanka Roy	3.00	3.00
	49.00	54.00

*Bad debts written off during the year ended March 31, 2017 from provision for doubtful debts.

**The Company has netted off trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer. Also refer note 8.

*** The remuneration to the key managerial personnel does not include the provision/accruals made on best estimate basis as they are determined for the Company as a whole.

Notes to the standalone financial statements for the year ended March 31, 2017

iv. Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances receivable from and payable to wholly owned subsidiaries			
Trade receivables			
Subex Americas Inc. [Net of provision of ₹770.24 lakhs (March 31, 2016: ₹3,407.59 Lakhs, April 1, 2015: ₹6,429.89 Lakhs.)]	2,419.67	7,165.52	13,388.13
Subex UK Limited [Net of provision of ₹148.39 lakhs [March 31, 2016: ₹148.39 Lakhs, April 1, 2015: ₹143.72 Lakhs.]]	6,127.59	18,122.68	17,580.42
Subex Inc. [Net of provision of ₹2,965.15 lakhs ([March 31, 2016: ₹2,962.59 Lakhs, April 1, 2015: ₹223.70 Lakhs.]]	877.80	14,097.18	16,604.88
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹4,016.37 lakhs (March 31, 2016: ₹4,782.27 Lakhs, April 1, 2015: ₹2,048.21 Lakhs.]]	1,187.61	1,764.13	4,076.86
Subex Middle East (FZE)	1,029.47	109.82	-
Subex Technologies Limited	0.93	-	-
	11,643.07	41,259.33	51,650.29
Trade payables			
Subex (UK) Limited	6,744.92	19,834.71	19,517.22
Subex Inc.	3,679.44	16,280.38	16,915.56
Subex (Asia Pacific) Pte. Limited	992.48	1,374.13	680.96
Subex Americas Inc.	1,826.67	6,633.28	6,133.76
Subex Technologies Limited	0.83	0.83	0.83
Subex Middle East (FZE)	38.56	4.86	-
	13,282.90	44,128.19	43,248.33
Loans and advances			
Subex Americas Inc. [Net of provision of ₹376.80 lakhs (March 31, 2016: ₹1,947.76 Lakhs, April 1, 2015: Nil.)]	-	-	1,844.20
Subex Technologies Limited [Net of provision of ₹1,717.67 lakhs (March 31, 2016: ₹1,717.67 Lakhs, April 1, 2015: ₹1,705.67 Lakhs.]]	-	-	5.70
	-	-	1,849.90
Outstanding guarantees taken from:			
Subex Technologies Limited	4,205.00	5,570.00	6,495.00
Subex (UK) Limited	4,205.00	5,570.00	6,495.00
	8,410.00	11,140.00	12,990.00

Notes to the standalone financial statements for the year ended March 31, 2017

Note 34.

Disclosure as per Regulation 34(3) and Regulation 53(f) read with Para A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the listing agreement with the Stock Exchanges.

(₹ in Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Americas Inc.*	376.80	1,947.76	1,947.76	1,947.76	1,844.20	1,844.20
Subex Technologies Limited**	1,717.67	1,717.67	1,717.67	1,717.67	1,711.37	1,711.37
	2,094.47		3,665.43		3,555.57	

* Loans and advances to Subex Americas Inc., is provided as at March 31, 2017: ₹376.80 Lakhs (March 31, 2016: ₹1,947.76 Lakhs, April 1, 2015: ₹ Nil).

** Loans and advances to Subex Technologies Limited is provided as at March 31, 2017: ₹1,717.67 Lakhs (March 31, 2016: ₹1,717.67 Lakhs, April 1, 2015: ₹ 1,705.67 Lakhs).

Note 35. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments

Operating leases

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹697.65 Lakhs (March 31, 2016: ₹482.11 Lakhs).

Future minimum lease payments under non-cancellable operating lease payable within one year from balance sheet date is ₹Nil (March 31, 2016: ₹723.59 Lakhs, April 1, 2015: ₹Nil).

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹566.79 Lakhs (March 31, 2016: ₹705.89 Lakhs)

b) Contingent liabilities

(₹ in Lakhs)

Particular	Year ended March 31, 2017	Year ended March 31, 2016	As at April 1, 2015
Income tax demands (refer note [i])	6,982.23	4,915.20	5930.13
Service tax demands (refer note [ii])	3,687.15	3,687.15	3687.15
Others (refer note [iii])	1,293.44	1,293.44	1293.44
Bank guarantees (furnished to customers)	118.73	123.35	74.47

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2007 and from March 31, 2009 to March 31, 2013, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the

Notes to the standalone financial statements for the year ended March 31, 2017

Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Company has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account towards these tax demands.

iii. Others

The Company has received certain claims from ex-directors of the Company for an amount of ₹1,293.44 Lakhs. The aforesaid claims are disputed by the Company and the matter is presently under arbitration with the arbitral tribunal. The management is of the view that these claims are not tenable.

The Company has also claimed the excess managerial remuneration of ₹123.80 Lakhs (March 31, 2016: ₹123.80 Lakhs, April 1, 2015: ₹123.80 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Company, and other advances paid to directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2016: ₹110.00 Lakhs, April 1, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2016: ₹233.80 Lakhs, April 1, 2016: ₹233.80 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Company does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 35(a).

v. The Company has issued a comfort letter to provide continued financial support to its wholly owned subsidiary viz., Subex Americas Inc., to ensure that the entity is able to meet its debts, commitments and liabilities as they fall due and it continues as a going concern.

Note 36. EMPLOYEE STOCK OPTION PLAN ('ESOPs')

The Company during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Notes to the standalone financial statements for the year ended March 31, 2017

Employees' Stock Options details as on the balance sheet date are:

	2016-17		2015-16	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	1,44,979	24.28	7,41,072	27.99
ESOP – IV	1,30,500	28.51	4,75,010	28.49
Cancelled, surrendered or lapsed during the year				
ESOP – II	-	-	1,925	-
ESOP – III	52,611	-	5,96,093	-
ESOP – IV	1,02,199	-	3,44,510	-
Options outstanding at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Options exercisable at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.99	1,26,429	22.65
ESOP – IV	28,301	28.44	1,30,500	28.51

Details of Weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2016-17	2015-16	2016-17	2015-16
ESOP – II	-	-	-	-
ESOP – III	1.99	1.49	10.26 - 54.83	10.26 - 73.90
ESOP – IV	0.67	0.11	28.44	28.44 - 53.54

* considering vesting and exercise period

Notes to the standalone financial statements for the year ended March 31, 2017

Fair value methodology

There were no new grants during the year ended March 31, 2017. The key assumptions used in Black-Scholes model for calculating fair value is as below:

	March 31, 2017	March 31, 2016
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Note 37. EMPLOYEE BENEFIT PLANS

a) Provident fund

The Company makes contributions to Provident Fund, Employee State Insurance scheme contributions which are defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹281.33 Lakhs (March 31, 2016: ₹261.42 Lakhs) for Provident Fund contributions and ₹ Nil (March 31, 2016: ₹0.08 Lakhs) for Employee State Insurance scheme contribution in the Statement of profit and loss.

b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following table set out the status of gratuity plan:

Disclosure as per Ind AS 19	(₹ in Lakhs)	
Particular	As at March 31, 2017	As at March 31, 2016
A Change in defined benefit obligation		
Obligations at beginning of the year	406.28	386.40
Service cost	56.51	62.21
Interest cost	29.78	30.14
Benefits settled	(100.82)	(78.94)
Actuarial loss (through OCI)	33.61	6.47
Obligations at end of the year	425.36	406.28
B Change in plan assets		
Plan assets at beginning of the year, at fair value	115.49	58.29
Expected return on plan assets	8.97	4.94
Actuarial loss (through OCI)	0.45	1.43
Contributions	120.00	130.00
Benefits settled	(100.82)	(79.17)
Plan assets at the end of the year	144.09	115.49
Present value of defined benefit obligation at the end of the year	(425.36)	(406.28)
Fair value of plan assets at the end of the year	144.09	115.49
C Net liability recognised in the balance sheet	(281.27)	(290.79)

Notes to the standalone financial statements for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
D Expenses recognised in standalone statement of profit and loss:		
Service cost	56.51	62.21
Interest cost (net)	20.81	25.20
Net gratuity cost	77.32	87.41
E Re-measurement gains/(losses) in OCI		
Actuarial (gain)/ loss due to financial assumption changes	11.10	2.65
Actuarial (gain)/ loss due to experience adjustments	22.52	3.82
Return on plan assets (greater) less than discount rate	(0.46)	(1.43)
Total expenses recognised through OCI	33.16	5.04
F Assumptions		
Discount rate	7.00%	7.60%
Expected return on plan assets	7.60%	8.50%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Particular	As at March 31, 2017	As at March 31, 2016
G Five years pay-outs		
Year 1	31.31	32.36
Year 2	60.29	60.32
Year 3	57.00	53.83
Year 4	55.44	47.64
Year 5	50.95	43.19
After 5th Year	339.67	154.45
H Contribution likely to be made for the next one year	120.00	120.00

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
Investment with insurer	100%	100%

J Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2017		Year ended March 31, 2016	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(9.29)	9.75	(7.71)	8.06
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	15.71	(15.12)	9.80	(10.12)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(9.18)	8.29	0.59	(8.40)

Notes to the standalone financial statements for the year ended March 31, 2017

Note 38. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Total equity attributable to the share holders of the Company	63,726.01	63,718.11	27,263.08
Borrowings - Non-Current	-	2,860.16	49,963.15
Borrowings - Current	8,589.91	10,395.74	12,506.54
Current maturities of long term borrowings	2,277.17	2,071.31	-
B. Total loans and borrowings	10,867.08	15,327.21	62,469.69
C. Total capital (A+B)	74,593.09	79,045.32	89,732.77
D. Total loans and borrowings as a percentage of total capital (B/C)	15%	19%	70%
E. Total equity as a percentage of total capital (A/C)	85%	81%	30%

The Company has transformed from a debt dominated Company to an equity dominated Company from financial year 2015-16. Current maturities represent FCCBs III of ₹2,277.17 Lakhs, due for repayment in July 07, 2017. The current borrowings are in the nature of working capital loans from banks. The Company has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid FCCBs debt and current borrowings.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Note 39. FAIR VALUE HIERARCHY

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets measured at amortized cost:			
Interest accrued but not due on bank deposits*	10.15	3.91	2.01
Trade receivables*	18,966.08	49,688.01	59,352.26
Unbilled revenue*	2,525.96	1,551.08	1,951.00
Security deposit^	348.98	313.17	685.17
Loans and advances to employees*	179.69	164.81	202.68
Advance recoverable from former directors*	233.80	233.80	233.80
Loans to related parties*	-	-	1,849.90
	22,264.66	51,954.78	64,276.82
Cash and cash equivalents and other balances with banks			
Balance with banks#	151.27	195.53	130.72
Margin money deposits#	126.14	59.31	15.65
	277.41	254.84	146.37

Notes to the standalone financial statements for the year ended March 31, 2017

Note 39. FAIR VALUE HIERARCHY (contd.)

The carrying value of financial instruments by categories is as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial liabilities measured at amortized cost:			
Employee related liabilities*	694.44	652.13	715.11
Trade payables*	14,382.81	45,171.45	45,696.09
Interest accrued but not due on borrowings [^]	500.83	574.06	7,139.91
Borrowings [^]	10,867.08	15,327.21	62,469.69
	26,445.16	61,724.85	1,16,020.80

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

These accounts are considered to be highly liquid / liquid and the carrying amount of these are considered to be the same as their fair value value. Accordingly, these are classified as level 3 of fair value hierarchy.

[^] The fair value of these accounts was calculated based on cash flow discounted using a current lending / borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Note 40. FINANCIAL RISK MANAGEMENT:

The Company's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

1 Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Notes to the standalone financial statements for the year ended March 31, 2017

b. Credit risk exposure

The Company's credit period generally ranges from 30 – 180 days. The credit risk exposure of the Company is as below:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	18,966.08	49,688.01	59,352.26
Unbilled revenue	2,525.96	1,551.08	1,951.00
Total	21,492.04	51,239.09	61,303.26

The Company evaluates the concentration of risk with respect to trade receivables as low as majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited as Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counter-party credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's debt obligations are: 1) FCCBs which carry a fixed coupon rate and 2) Short term borrowings in nature of working capital loans, which carry floating interest rates. Accordingly, the Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's loss before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

Particulars	(₹ in Lakhs)			
	Year ended March 31, 2017		Year ended March 31, 2016	
	Change in interest rate	Effect of profit before tax	Change in interest rate	Effect of profit before tax
Working capital loans	+1%	(94.41)	+1%	(107.85)
	-1%	94.41	-1%	107.85

iii Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents, deposits and investments is as below:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents	151.27	195.53	130.72
Other balances with banks	126.14	59.31	15.65
	277.41	254.84	146.37

Notes to the standalone financial statements for the year ended March 31, 2017

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2017					
Trade payables	238.17	9,398.71	253.14	4,492.79	14,382.81
Borrowings	-	10,924.51	-	-	10,924.51
Other financial liabilities	-	1,198.64	-	-	1,198.64
	238.17	21,521.86	253.14	4,492.80	26,505.96
As at March 31, 2016					
Trade payables	250.63	10,903.64	322.44	33,694.74	45,171.87
Borrowings	-	10,395.74	1,590.12	3,014.60	15,000.46
Other financial liabilities	-	696.82	-	610.48	1,307.30
	250.63	21,996.20	1,912.56	37,319.82	61,479.21

iv Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States Dollars ('USD')). Company also has exposures to Great Britain Pound ('GBP') and United Arab Emirates Dirham ('AED'). The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

March 31, 2017

(₹ in Lakhs)

Particulars	Currency				Total
	USD	GBP	AED	Others	
Financial assets					
Trade receivables	8,267.06	6,124.69	1,667.38	2,089.84	18,148.97
Other financial assets	2,056.95	0.32	42.17	111.86	2,211.30
Total financial assets	10,324.01	6,125.01	1,709.55	2,201.70	20,360.27
Financial liabilities					
Borrowings	2,786.39	1,978.76	72.74	818.18	5,656.07
Trade payables	6,124.13	6,697.41	100.36	682.47	13,604.37
Other financial liabilities	2,793.42	-	2.67	3.37	2,799.46
Total financial liabilities	11,703.94	8,676.17	175.77	1,504.02	22,059.90
Net financial assets/ (liabilities)	(1,379.93)	(2,551.16)	1,533.78	697.68	(1,699.63)

Notes to the standalone financial statements for the year ended March 31, 2017

March 31, 2016					(₹ in Lakhs)
Particulars	Currency				Total
	USD	GBP	AED	Others	
Financial assets					
Trade receivables	23,559.32	20,377.04	2,112.27	2,854.18	48,902.81
Other financial assets	1,362.18	0.90	78.29	32.02	1,473.39
Total financial assets	24,921.50	20,377.94	2,190.56	2,886.20	50,376.20
Financial liabilities					
Borrowings	6,840.48	3,927.41	66.17	659.10	11,493.16
Trade payables	23,732.40	20,195.73	128.13	606.70	44,662.96
Other financial liabilities	2,661.62	-	0.13	0.17	2,661.92
Total financial liabilities	33,234.50	24,123.14	194.43	1,265.97	58,818.04
Net financial assets/ (liabilities)	(8,313.00)	(3,745.20)	1,996.13	1,620.23	(8,441.84)

Sensitivity analysis

Every 1% increase or decrease of the respective foreign currencies compared to functional currency of the Company would cause the profit before exceptional items in proportion to revenue to decrease or increase respectively by 0.02% (loss before exceptional items for the year ended March 31, 2016 by 0.27%).

Note 41. ADOPTION OF IND AS

A First time adoption

These financial statements, for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2017 together with the comparative period data, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

B Exemption applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- 1 The Company has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- 2 Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

Notes to the standalone financial statements for the year ended March 31, 2017

C Reconciliation of total equity between previous GAAP and Ind AS

1 Equity reconciliation:

(a) For the year ended March 31, 2016

Particulars	Notes	(₹ in Lakhs) As at March 31, 2016
Equity as reported under previous GAAP		63,485.00
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	386.61
(ii) Provision for expected credit loss	41 D(2)	(13.41)
(iii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(187.00)
(iii) Others (net)	41 D(4) & (5)	46.91
Equity as per Ind AS		63,718.11

(b) As at April 01, 2015

Particulars	Notes	(₹ in Lakhs) As at April 01, 2015
Equity as reported under previous GAAP		28,892.74
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	4,456.58
(ii) Provision for expected credit loss	41 D(2)	(5,919.69)
(iii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(185.10)
(iii) Others (net)	41 D(4) & (5)	18.55
Equity as per Ind AS		27,263.08

2 Total comprehensive income reconciliation for the year ended March 31, 2016

Particulars	Notes	(₹ in Lakhs) Year ended March 31, 2016
Net loss under previous GAAP		(13,194.44)
Effect of transition to Ind AS		
(i) Measurement of FCCBs at fair value:		
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares.		(11,891.15)
(b) Impact on foreign exchange due to change in carrying value of FCCBs and related account balances and transfer of exchange gain to retained earnings on conversion of FCCBs into equity shares.		(1,846.23)
(ii) Provision for expected credit loss	41 D(2)	5,906.28
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(1.90)
(iv) Others (net)	41 D(4) & (5)	30.75
Net loss after tax as per Ind AS		(20,997.69)
Other comprehensive income	41 D(5)	(5.04)
Total comprehensive income as per Ind AS		(21,002.73)

Notes to the standalone financial statements for the year ended March 31, 2017

D Notes to reconciliation between Previous GAAP and Ind AS:

1 Fair valuation of foreign currency convertible bonds:

In accordance with the recognition and measurement principles laid down in Ind AS, the Company has revised the accounting treatment in respect of FCCBs with effect from the transition date. As required by the applicable Ind AS, the Company has identified FCCBs as compound financial instruments and identified the equity component on the date of inception of the bonds. The fair value of the liability component is re-evaluated at each date of significant modification. The fair value of the liability is computed by amortised cost method by discounting the liability using the applicable effective interest rate as at the date of the last significant modification. The difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'standalone statement of profit and loss'.

Similarly, the non-current portion of interest accrued but not due on FCCBs is carried at amortised cost by discounting the same to its fair value and the difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'standalone statement of profit and loss'.

Under the previous GAAP, upon conversion of FCCBs III into equity shares, the interest accrued but not due pertaining to the converted FCCBs and foreign exchange gain on FCCBs conversion was credited to the 'standalone statement of profit and loss' as 'exceptional item'. Under Ind AS, such conversion is treated as extinguishment of liability and the gain on such extinguishment of liability of FCCBs is required to be credited to 'other equity' and not recognised through the 'standalone statement of profit and loss'. Accordingly, the excess of amortised cost of liability (i.e., principle and interest accrued but not due pertaining to converted FCCBs) over share capital and securities premium on conversion of FCCBs is credited to 'Surplus/ (deficit) in the statement of profit and loss'.

Under previous GAAP, exchange gain/ loss on restatement of FCCBs was not immediately charged to the standalone statement of profit and loss and deferred over the contractual life of the FCCBs, by crediting/ debiting 'Foreign currency monetary item translation difference', under reserves and surplus. Under Ind AS gain/ loss on restatement of FCCBs is immediately recognised in the standalone statement of profit and loss in the period in which such gain/ loss occurs.

2 Provision for expected credit loss

Under the previous GAAP the Company had provided for trade receivables from its subsidiaries based on managements assessment regarding recoverability of such balances as at March 31, 2016. Under Ind AS the Company has provided for the expected credit loss on aged trade receivables from its subsidiaries, by discounting the net trade receivables to its present value on the basis of expected date of collection and risk free interest rate. The difference between the carrying value and discounted value of such net trade receivables as at April 1, 2015 was charged to 'Surplus/ (deficit) in the statement of profit and loss' as provision for doubtful receivables (expected credit loss). Accordingly, the provision recognised under previous GAAP during the year ended March 31, 2016 is reduced by such amount.

3 Deferred revenue

Under the previous GAAP, the cost related to free support services was deferred and charged to the 'standalone statement of profit and loss' over the period of the free support services. Under Ind AS, the fair value of revenue in relation to free support services is deferred and recognised over the period of free support services. Accordingly, the adjustment of deferred revenue as at April 1, 2015 is debited to 'Surplus/ (deficit) in the statement of profit and loss' and debited to revenue for the year ended March 31, 2016. Further, the cost deferred under previous GAAP is reversed through the 'standalone statement of profit and loss' for the year ended March 31, 2016 as a transition adjustment.

Notes to the standalone financial statements for the year ended March 31, 2017

4 Security deposits and rent equalisation reserve

Under Ind AS interest free security deposits are carried at amortised cost by, discounting the same using interest rates applicable to the counter party. The difference between transaction cost and fair value is recognised as prepaid lease and amortised over the period of the lease on a straight-line basis. Further, interest income is recognised on the amortised cost of the security deposits over the lease period.

Under previous GAAP operating lease expenses were recognised in the 'standalone statement of profit and loss' on a straight line basis over the lease term. The difference between lease expense recognised in the 'standalone statement of profit and loss' and contractual lease payments was recognised as 'rent equalisation reverse'. Under Ind AS when the escalations in lease payments are linked to inflation, the operating lease expenses are recognised in the 'standalone statement of profit and loss' as per the terms of the lease arrangement. Accordingly, rent equalisation as at April 1, 2015 was reversed to 'Surplus/ (deficit) in the statement of profit and loss' and for the year ended March 31, 2016, the same was reversed through the 'standalone statement of profit and loss'.

5 Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

Note 42. STANDARDS ISSUED BUT NOT YET EFFECTIVE:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Notes to the standalone financial statements for the year ended March 31, 2017

NOTE 43. DETAILS OF SPECIFIED BANK NOTES (SBN):

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.02	0.07	0.09
Add: Permitted receipts	-	-	-
Add: Withdrawals from bank accounts	-	1.15	1.15
Less: Permitted payments	(0.02)	(1.19)	(1.21)
Less: Amount deposited in bank accounts	-	(0.03)	(0.03)
Closing cash in hand as on December 30, 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

Note 44. COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

The Company purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

Cost of hardware, software and support charges for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹ Nil (March 31, 2016: ₹173.46 Lakhs)

Note 45

As at March 31, 2017, the Company has assessed the carrying value of the investment in its wholly owned subsidiary viz., Subex (UK) Limited of ₹64,738.68 Lakhs. Considering the future operational plan, projected cash flows and the valuation carried out by an external valuer, the management is of the view that, the carrying value of its aforesaid investment in Subex (UK) Limited as at March 31, 2017 is appropriate.

Note 46

Subsequent to balance sheet date, the Company has made an allotment of 55,094,999 equity shares of the Company on a preferential basis, at an issue price of ₹14 per equity share (Face value of ₹10 per equity share) amounting to ₹7,713.30 Lakhs.

Note 47

The Company had remitted the withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹1,051.60 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, are recoverable from income tax department and/or are adjustable against its other withholding taxes obligations. Accordingly, in the current year the Company has revised the returns of withholding taxes and adjusted withholding taxes of ₹1,036.59 Lakhs (March 31, 2016: ₹ Nil) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.

Notes to the standalone financial statements for the year ended March 31, 2017

Note 48

The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2017 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone financial statements, particularly on account of tax expense and that of provision for taxation.

Note 49

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding financial years and accordingly, is not required to spend any amount for this purpose. However, during the year ended March 31, 2017, the Company has voluntarily incurred an expense of ₹3.60 Lakhs towards CSR activities.

Note 50

The standalone financial information of the Company for transition date i.e. opening standalone balance sheet date being April 01, 2015 included in these standalone financial statements, are based on the previously issued standalone financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

The comparative standalone financial information as at and for the year ended March 31, 2016 have been compiled after making necessary Ind AS adjustments to the audited standalone financial statements prepared under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

FORM AOC 1

(Information in respect of each Subsidiary to be presented with amounts in ₹ Lakhs)

Particulars	Name of the subsidiary						
	Subex (Aisa Pacific) PTE Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Incorporated	Subex Technologies Ltd.**	Subex Middle East	Subex Technologies Inc**
Reporting period of the subsidiary concerned	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Reporting Currency	SGD	GBP	USD	USD	INR	AED	USD
Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	46.41	80.90	64.85	64.85	1.00	17.66	64.85
Share Capital	0.00	40.60	38,770.44	0.00	500.00	27.06	-
Reserve & Surplus	(2,377.59)	9,692.47	(39,951.24)	(3,049.73)	(470.88)	44.37	(2,090.58)
Total Assets	4,549.34	18,526.15	11,244.46	5,060.86	104.66	1,421.92	(0.05)
Total Liabilities	(6,926.93)	(8,793.08)	(12,425.25)	(8,110.59)	(75.54)	(1,350.49)	-
Investments	-	496.35	0.88	-	-	-	-
Turnover*	2,555.14	17,618.54	3,186.49	10,694.48	-	1,706.16	-
Profit/ (Loss) before tax	987.36	2,465.75	3,017.63	171.43	(1.37)	35.36	(1.45)
Profit / (Loss) after tax	892.01	1,858.90	3,011.66	116.79	54.44	35.36	(1.45)
Proposed Dividend	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%
Date of Acquisition	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	Jan 12, 2000

* Turnover includes inter company transactions.

** Non-operating entity.

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Anil Singhvi
Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Prabhu
Director
DIN : 03114937

Ganesh K.V
CFO & Global Head- Legal & Company Secretary

Place: Bengaluru, India
Date : May 25, 2017

Consolidated Financial Statement

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Subex Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Statement of Cash Flows, the consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March

31, 2017, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company, incorporated in India as on March 31, 2017 and taken on record by the Board of Directors of the Holding Company and the subsidiary company respectively, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in

the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated Ind AS financial statements – refer note 34(b) to the consolidated Ind AS financial statements;
- ii. The Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India during the year ended March 31, 2017; and
- iv. The Holding Company and its subsidiary company, incorporated in India, have provided requisite disclosures in note 43 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company and its subsidiary company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Subex Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Subex Limited ("the Holding Company") and its subsidiary company (which are companies incorporated in India), as of and for the year ended March 31, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of Subex Limited and its subsidiary company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal controls over financial reporting

criteria established by the Holding Company and its subsidiary company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru

Date: May 25, 2017

Consolidated balance sheet as at March 31, 2017

(₹ in Lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	785.05	647.60	708.93
Goodwill on consolidation	5	65,882.22	76,772.22	85,642.22
Other intangible assets	4	137.63	81.99	108.92
Financial assets				
Loans	6	398.82	365.48	752.23
Other balances with banks	7	257.73	237.67	751.92
Other financial assets	10	233.80	234.69	233.80
Income tax assets (net)	11	1,976.68	1,665.45	1,680.94
Deferred tax assets	12	478.13	383.93	-
Other non-current assets	13	564.33	616.88	266.90
		70,714.39	81,005.91	90,145.86
Current assets				
Financial assets				
Loans	6	195.56	198.78	329.69
Trade receivables	8	11,851.15	11,148.15	10,859.88
Cash and cash equivalents	9	7,386.10	8,599.63	4,918.08
Other financial assets	10	4,508.42	2,551.44	5,091.65
Other current assets	13	1,013.20	706.95	589.24
		24,954.43	23,204.95	21,788.54
Total assets		95,668.82	104,210.86	111,934.40
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	50,690.79	50,281.16	18,292.26
Other equity	15	17,717.97	23,101.60	6,894.90
Total equity		68,408.76	73,382.76	25,187.16
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	-	4,056.52	55,275.65
Other financial liabilities	18	-	571.08	7,354.05
Provisions	20	296.79	295.47	320.16
		296.79	4,923.07	62,949.86
Current liabilities				
Financial liabilities				
Borrowings	16	8,589.91	10,395.74	12,506.54
Trade payable	17	1,804.91	1,676.58	3,414.50
Other financial liabilities	18	11,922.51	9,966.75	5,083.94
Other current liabilities	19	3,085.01	2,434.87	1,965.30
Provisions	20	676.57	653.21	542.50
Income tax liabilities (net)	21	884.36	777.88	284.60
		26,963.27	25,905.03	23,797.38
Total liabilities		27,260.06	30,828.10	86,747.24
Total equity and liabilities		95,668.82	104,210.86	111,934.40
Corporate information and significant accounting policies	1 & 2			
The accompanying notes are an integral part of the financial statements				

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of profit and loss for the year ended March 31, 2017 (₹ in Lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
1 Income			
Revenue from operations	22	35,733.15	32,245.77
Other income	23	1,091.03	116.46
Total income		36,824.18	32,362.23
2 Expenses			
Cost of hardware, software and support charges		693.81	41.56
Employee benefits expense	24	15,871.06	16,034.15
Other expenses	25	10,259.29	9,460.00
Depreciation and amortization	26	494.52	427.49
Total expenses		27,318.68	25,963.20
3 Earnings before interest, exceptional items and tax (EBIT) (1-2)		9,505.50	6,399.03
4 Finance Income	27	62.55	66.19
5 Finance cost	28	2,040.08	6,151.60
6 Profit before exceptional items and tax (3+4-5)		7,527.97	313.62
7 Exceptional items (net)	29	(10,890.00)	(6,469.44)
8 Loss before tax (6+7)		(3,362.03)	(6,155.82)
9 Tax expense: (refer note 21)			
Current tax		1,055.04	1,657.00
Deferred tax (MAT credit entitlement)		(94.20)	(383.93)
10 Loss for the year (8-9)		(4,322.87)	(7,428.89)
11 Other comprehensive income ('OCI'), net of tax			
OCI to be reclassified to profit or loss in subsequent periods:			
Net Exchange differences on translation of foreign operations		(1,343.39)	(1,828.23)
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		(32.30)	(5.04)
		(1,375.69)	(1,833.27)
12 Total comprehensive income for the year attributable to equity holders of the Company (10+11)		(5,698.56)	(9,262.16)
13 Basic and diluted loss per equity share (nominal value of share ₹10 (March 31, 2016 : ₹10))	30	(0.85)	(2.56)
Corporate information and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of change in equity for the year ended March 31, 2017

A. Equity share capital (refer note 14):

Particulars	No.	₹ in Lakhs
Equity shares of ₹10 each issued, subscribed and fully paid up		
As at April 1, 2015	182,922,575	18,292.26
Issued during the year - Conversion of FCCBs*	319,889,071	31,988.90
As at March 31, 2016	502,811,646	50,281.16
Issued during the year - Conversion of FCCBs*	4,096,290	409.63
As at March 31, 2017	506,907,936	50,690.79

B. Other equity (refer note 15):

(₹ in Lakhs)

	Attributable to equity holders of the Company						Total
	Reserves and surplus				OCI		
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Exchange reserve on consolidation	
As at April 1, 2015	4,648.16	13,215.75	1,779.76	78.10	(4,388.37)	(8,438.50)	6,894.90
Loss for the year	-	-	-	-	(7,428.89)	-	(7,428.89)
Less: Other comprehensive income	-	-	-	-	(5.04)	(1,828.23)	(1,833.27)
Add/ (less): On account of conversion of FCCBs*	(4,388.76)	11,161.84	-	-	18,757.58	-	25,530.66
Less : Compensation on ESOP cancelled/ lapsed during the year	-	-	-	(62.15)	-	-	(62.15)
Deferred stock compensation expenses	-	-	-	0.35	-	-	0.35
As at March 31, 2016	259.40	24,377.59	1,779.76	16.30	6,935.28	(10,266.73)	23,101.60
Loss for the year	-	-	-	-	(4,322.87)	-	(4,322.87)
Less: Other comprehensive income	-	-	-	-	(32.30)	(1,343.39)	(1,375.69)
Add/ (less): On account of conversion of FCCBs*	(54.16)	122.89	-	-	256.06	-	324.79
Less : Compensation on ESOP cancelled/ lapsed during the year	-	-	-	(10.11)	-	-	(10.11)
Deferred stock compensation expenses	-	-	-	0.25	-	-	0.25
As at March 31, 2017	205.24	24,500.48	1,779.76	6.44	2,836.17	(11,610.12)	17,717.97

* Refer note 31 regarding conversion of FCCBs into equity shares of the Company.

Corporate information and significant accounting policies (refer note 1 & 2)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar

Partner

Membership number: 213803

Place: Bengaluru, India

Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh

Managing Director & CEO

DIN : 05278780

Poornima Prabhu

Director

DIN : 03114937

Place: Bengaluru, India

Date : May 25, 2017

Anil Singhvi

Director

DIN : 00239589

Ganesh K.V

CFO & Global Head- Legal & Company

Secretary

Nisha Dutt

Director

DIN : 06465957

Consolidated statement of cash flows for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(A) Operating activities		
Loss before tax	(3,362.03)	(6,155.82)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	458.32	378.71
Amortization of intangible assets	36.20	48.78
(Gain)/loss on disposal of property, plant and equipment (net)	(0.75)	0.34
Finance income (including fair value changes)	(62.55)	(66.19)
Finance costs (including fair value changes)	2,040.08	3,751.04
Provision for doubtful debts	1,203.29	(439.03)
Impairment of goodwill (exceptional item)	10,890.00	8,870.00
Write back of withholding taxes paid earlier	(1,036.59)	-
Amortised cost of deposits	52.95	62.63
Fair value change in financial instruments	20.54	1,846.23
Net foreign exchange differences	(320.89)	(1,196.07)
Operating profit before working capital changes	9,918.57	7,100.62
<i>Working capital adjustments:</i>		
(Increase)/decrease in loans	(31.90)	165.42
(Increase)/decrease in trade receivables	(2,744.99)	340.60
(Increase)/decrease in other financial assets	(2,173.62)	2,589.99
(Increase)/decrease in other assets	(308.35)	(105.36)
Increase/(decrease) in trade payables	192.78	(2,414.07)
Increase/(decrease) in other financial liabilities	(159.36)	(283.18)
Increase/(decrease) in other current liabilities	1,928.40	364.37
Increase/(decrease) in provisions	8.04	32.12
	6,629.57	7,790.51
Income tax paid (including TDS) (net)	(1,237.57)	(1,152.14)
Net cash flows from operating activities	5,392.00	6,638.37
(B) Investing activities		
Purchase of property, plant and equipment	(604.27)	(304.46)
Purchase of intangible assets	(92.07)	(21.60)
Proceeds from sale of property, plant and equipment	1.64	1.23
Movement in deposits (net)	(29.08)	485.65
Interest received	20.37	2.38
Net cash flows (used in)/from investing activities	(703.41)	163.20

Consolidated statement of cash flows for the year ended March 31, 2017

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(C) Financing activities		
Movement in working capital loans (net)	(1,980.52)	(2,263.50)
Interest paid	(1,258.28)	(1,372.27)
Repayment of borrowings (FCCBs I and II)	(2,248.68)	-
Net cash flows used in financing activities	(5,487.48)	(3,635.77)
(D) Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(798.89)	3,165.80
Net foreign exchange difference	(414.64)	515.75
Cash and cash equivalents at the beginning of the year	8,599.63	4,918.08
(E) Cash and cash equivalents at year end	7,386.10	8,599.63
Corporate information and significant accounting policies (refer note 1 & 2)		
The accompanying notes are an integral part of the consolidated financial statements		

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership number: 213803

Place: Bengaluru, India
Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh
Managing Director & CEO
DIN : 05278780

Poornima Prabhu
Director
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Place: Bengaluru, India
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Nisha Dutt
Director
DIN : 06465957

Ganesh K.V
CFO & Global Head- Legal & Company
Secretary

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 1. Corporate information

Subex Limited (“the Company” or “Subex” or “holding company”) a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems (OSS/BSS) to communication service providers (CSPs) worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre (ROC) – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex’s product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect / inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

The consolidated financial statements for the year ended March 31, 2017 comprise financial statements of Subex Limited and its subsidiaries (collectively hereafter referred to as “the Group”).

These consolidated financial statements for the year ended March 31, 2017 are approved by the Board of Directors on May 25, 2017.

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the entity (Wholly owned Subsidiary)	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary as at	
			March 31, 2017	March 31, 2016
Subex Americas Inc.	Canada	Subex Limited & Subex (UK) Limited	100	100
Subex (UK) Limited	United Kingdom	Subex Limited	100	100
Subex Inc.	United States of America	Subex (UK) Limited	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	Subex (UK) Limited	100	100
Subex Middle East, FZE	United Arab Emirates	Subex Limited	100	100
Subex Technologies Limited*	India	Subex Limited	100	100
Subex Technologies Inc.*	United States of America	Subex Technologies Limited	100	100
Subex Azure Holdings Inc.*	United States of America	Subex Americas Inc.	100	100

* Represents non-operating companies.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Note 2. Significant accounting policies

a. Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The consolidated financial

Notes to the consolidated financial statements for the year ended March 31, 2017

statements of the Group have been prepared and presented in accordance with Ind AS. Previous year numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016. (refer note 41 for reconciliations and effects of transition).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR (₹) and all the values are rounded off to the nearest lakhs (INR 00,000) except when otherwise indicated.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017 as disclosed in note 1. Control exists when the parent has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

Exposure or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On

Notes to the consolidated financial statements for the year ended March 31, 2017

the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in Other equity, in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.

- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

c. Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

- **Revenue recognition**

The Group uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Group to estimate the completed efforts as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

- **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 5.

- **Impairment of financial assets**

The Group assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses in accordance with Ind AS 109. The Group provides for impairment of trade receivables and unbilled revenue outstanding for

Notes to the consolidated financial statements for the year ended March 31, 2017

more than 1 year from the date they are due for payment and billing respectively. The Group also assesses for impairment of financial assets on specific identification basis at each period end. Also, refer note 2(j).

- **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

- **Fair Value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(l).

- **Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.

- **Taxes**

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, tax credits including the amount expected to be paid or refunded. Also refer note 2(r) and note 21.

- d. **Current/ non-current classification**

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to the consolidated financial statements for the year ended March 31, 2017

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

e. Business combination and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with no adjustment.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised is not reversed in subsequent periods.

f. Revenue recognition

The Group derives its revenues primarily from sale and implementation of its license and implementation of its proprietary software and managed/ support services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Group, in which cases revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Notes to the consolidated financial statements for the year ended March 31, 2017

Revenue from implementation and customisation services is recognised using the percentage of completion method. Percentage of completion is determined on the basis of completed efforts against the total estimated efforts, which represent the fair value of services rendered.

Revenue from managed/ support services comprise income from fixed price contracts, time-and-material contracts and annual maintenance contracts. Revenue from fixed price contracts is recognized over the period of the contracts using the percentage of completion method. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts. Revenue from annual maintenance contracts is recognised rateably over the period of the contracts.

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers. Revenue is shown as net of sales tax, value added tax, other taxes and applicable discounts.

In case of multiple element arrangements for sale of software license, related implementation and maintenance services the Group has applied the guidance in Ind AS18, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Group is unable to establish objective and reliable evidence of fair value for the aforesaid services, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

The Group collects service tax, sales tax and other taxes as applicable in the respective tax jurisdictions where the group operates, on behalf of the government and therefore it is not an economic benefit flowing to the Group. Hence it is excluded from revenue.

Provisions for estimated losses on contracts are recorded in the period in which such losses become probable based on the current contract estimates. 'Unbilled revenue' included in the other financial assets represent revenues in excess of amounts billed to clients as at the balance sheet date. 'Unearned revenue' included in other current liabilities represent billings in excess of revenues recognized.

Interest:

Interest income is recognized as it accrues in the consolidated statement of profit and loss using effective interest rate method.

g. Property, plant and equipment

At the date of transition to Ind AS the Group has evaluated the cost of its plant and equipment and has regarded the carrying value under previous GAAP ('Indian GAAP') as at such date as the deemed cost.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying

Notes to the consolidated financial statements for the year ended March 31, 2017

amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the consolidated statement of profit and loss when the assets are derecognized.

h. Intangible assets (excluding goodwill on consolidation)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

i. Depreciation and amortisation

Depreciation on property, plant and equipment and amortisation on intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management.

The Group has used the following useful lives to provide depreciation on plant and equipment and amortisation of intangible assets

Asset	Useful lives estimated by the management	Useful lives as per Companies Act. 2013
Computer hardware	3 years	3 years
Furniture and fixtures *	5 years	10 years
Vehicles *	5 years	8 years
Office equipments *	5 years	3 years
Computer software	4 years	As per Ind AS 38

* Based on an internal evaluation, management believes that the useful lives as given above are realistic and reflect fair approximation of the period over which the assets are likely to be used. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of The Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements for the year ended March 31, 2017

j. Impairment

Financial Assets:

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable

Notes to the consolidated financial statements for the year ended March 31, 2017

to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

I. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Group becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the consolidated statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For

Notes to the consolidated financial statements for the year ended March 31, 2017

trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De recognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

Compound financial instruments in form of Foreign Currency Convertible Bonds are separated into liability and equity components based on the terms of the contract. On issuance of the Foreign Currency Convertible Bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Foreign Currency Convertible Bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business

Notes to the consolidated financial statements for the year ended March 31, 2017

model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Consolidated statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

o. Employee share based payments

The Group measures compensation cost relating to employee stock option plan using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding

Notes to the consolidated financial statements for the year ended March 31, 2017

increase in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p. Employee benefits

Employee benefits include provident fund, pension fund, employee state insurance gratuity and compensated absences.

(a) Defined contribution plans:

Contributions payable to recognized provident funds and employee state insurance which are defined contribution schemes, are charged to the consolidated statement of profit and loss.

(b) Defined benefit plans:

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the consolidated statement of profit and loss. As required under Ind AS compliant Schedule III, the Group transfers it immediately to 'Surplus/(deficit) in the statement of profit and loss'.

(c) Short-term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(d) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire compensated absences balance as a current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

q. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the consolidated financial statements for the year ended March 31, 2017

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the consolidated statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

r. Taxes on income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Notes to the consolidated financial statements for the year ended March 31, 2017

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

s. Provision and contingencies

Provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit / (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization

Notes to the consolidated financial statements for the year ended March 31, 2017

and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

v. Measurement of EBIT

As permitted by the Guidance Note on the Schedule III to the Companies Act, 2013, the Group has elected to present earnings before interest and tax ('EBIT') as a separate line item on the face of the consolidated statement of profit and loss. The Group measures EBIT on the basis of profit/(loss) from its operations. In its measurement, the Group does not include, interest income, finance costs and tax expense.

Note 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 01, 2015	623.69	15.58	0.26	69.40	708.93
Additions	281.63	6.43	0.68	15.72	304.46
Disposals	(2.56)	-	-	(1.34)	(3.90)
Exchange differences	12.73	0.59	-	1.34	14.66
As at March 31, 2016	915.49	22.60	0.94	85.12	1,024.15
Additions	569.49	11.39	11.09	12.30	604.27
Disposals	(1.01)	-	-	(0.05)	(1.06)
Exchange differences	(11.29)	(1.09)	-	(4.53)	(16.91)
As at March 31, 2017	1,472.68	32.90	12.03	92.84	1,610.45
Depreciation					
As at April 01, 2015	-	-	-	-	-
Charge for the year	351.38	5.12	0.16	22.05	378.71
Disposals	(2.39)	-	-	(0.46)	(2.85)
Exchange differences	0.92	(0.02)	-	(0.21)	0.69
As at March 31, 2016	349.91	5.10	0.16	21.38	376.55
Charge for the year	429.57	6.59	1.91	20.25	458.32
Disposals	(0.16)	-	-	(0.01)	(0.17)
Exchange differences	(8.94)	(0.10)	-	(0.26)	(9.30)
As at March 31, 2017	770.38	11.59	2.07	41.36	825.40
Net block					
As at April 01, 2015	623.69	15.58	0.26	69.40	708.93
As at March 31, 2016	565.58	17.50	0.78	63.74	647.60
As at March 31, 2017	702.30	21.31	9.96	51.48	785.05

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer softwares	Total
Gross block		
As at April 01, 2015	108.92	108.92
Additions	21.60	21.60
Disposals	-	-
Exchange differences	0.27	0.27
As at March 31, 2016	130.79	130.79
Additions	92.07	92.07
Disposals	-	-
Exchange differences	(0.34)	(0.34)
As at March 31, 2017	222.52	222.52
Amortization		
As at April 01, 2015	-	-
Amortization for the year	48.78	48.78
Disposals	-	-
Exchange differences	0.02	0.02
As at March 31, 2016	48.80	48.80
Amortization for the year	36.20	36.20
Disposals	-	-
Exchange differences	(0.11)	(0.11)
As at March 31, 2017	84.89	84.89
Net block		
As at April 01, 2015	108.92	108.92
As at March 31, 2016	81.99	81.99
As at March 31, 2017	137.63	137.63

Note: Refer note 16 for the assets given on security.

Note 5. GOODWILL ON CONSOLIDATION

Following is the movement of carrying value of Goodwill

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carrying value as per last financial statement	76,772.22	85,642.22	85,642.22
Less: Impairment of goodwill (refer note 29)	(10,890.00)	(8,870.00)	-
Closing balance	65,882.22	76,772.22	85,642.22

Notes to the consolidated financial statements for the year ended March 31, 2017

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Revenue Management Solutions ('RMS')	62,156.22	67,036.22	67,036.22
Data Integrity Management ('DIM')	3,726.00	9,736.00	18,606.00
	65,882.22	76,772.22	85,642.22

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Growth rate	8% to 28%	19% to 60%	6% to 56%
Operating margins	23% to 29%	24% to 25%	26% to 48%
Discount rate	13% to 14%	12% to 14%	11% to 12%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

Based on the above assessment, there has been impairment of goodwill amounting to ₹4,880.00 Lakhs (March 31, 2016: ₹Nil) in relation to RMS CGU and ₹6,010.00 Lakhs (March 31, 2016: ₹8,870.00 Lakhs) in relation to DIM CGU, and such impairment is on account of decline in operations. The aforesaid impairment has been reflected as 'exceptional item' (refer note 29)

Note 6. LOANS

(Unsecured, considered good)

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Security deposit	398.82	365.48	752.23
	398.82	365.48	752.23
Current			
Loans and advances to employees	195.56	198.78	329.69
	195.56	198.78	329.69

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 7. OTHER BALANCES WITH BANKS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Other bank balances (refer note 9)			
Margin money deposits*	257.73	237.42	751.92
Restricted bank balance	-	0.25	-
	257.73	237.67	751.92

* Represents margin money deposits with banks towards the bank guarantees, having remaining maturity period of more than 12 months from the balance sheet date, these deposits are made for varying periods, depending on the requirements of business and earn interest at the respective term deposit rates.

Note 8. TRADE RECEIVABLES

Unsecured

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Considered doubtful	2,595.60	2,956.13	5,317.63
Less: Provision for doubtful debts **	(2,595.60)	(2,956.13)	(5,317.63)
	-	-	-
Current			
Considered good	11,851.15	11,148.15	10,859.88
	11,851.15	11,148.15	10,859.88

* During the year ended March 31, 2017, the Group has written off bad debts amounting to ₹1,571.95 Lakhs (March 31, 2016 : ₹1,975.31 Lakhs).

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivable due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days

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Notes to the consolidated financial statements for the year ended March 31, 2017

Note 9. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Balance with banks			
In current accounts	7,364.18	8,506.69	4,843.65
In EEFC accounts	21.13	92.12	73.66
Cash on hand	0.79	0.82	0.77
	7,386.10	8,599.63	4,918.08
Non-current			
Other balances with banks			
Deposits with remaining maturity for more than 12 months	257.73	237.67	751.92
	257.73	237.67	751.92
Less: Disclosed under other balances with banks (Non-current) (Refer note 7)	(257.73)	(237.67)	(751.92)
	-	-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above .

Note 10. OTHER FINANCIAL ASSETS

Unsecured, considered good
Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Interest accrued but not due on bank deposits	-	0.89	-
Advance recoverable from former directors (refer note 34(b))	233.80	233.80	233.80
	233.80	234.69	233.80
Current			
Unbilled revenue	4,497.12	2,547.38	5,088.77
Interest accrued but not due on bank deposits	11.30	4.06	2.88
	4,508.42	2,551.44	5,091.65

Note 11. INCOME TAX ASSETS (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance income-tax [net of provision for taxation ₹706.44 Lakhs (March 31, 2016: ₹622.15 Lakhs (April 1, 2015: ₹581.57 Lakhs)]	1,976.68	1,665.45	1,680.94
	1,976.68	1,665.45	1,680.94

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 12. DEFERRED TAX ASSET

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Minimum alternative tax ('MAT') credit entitlement	478.13	383.93	-
	478.13	383.93	-

Note 13. OTHER ASSETS

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Balance with statutory/ government authorities*	266.90	266.90	266.90
Advance recoverable in cash or kind			
Prepaid expenses	297.43	349.98	-
	564.33	616.88	266.90
Current			
Advance recoverable in cash or kind			
Prepaid expenses	671.25	580.87	329.43
Advance to suppliers	192.95	41.25	252.91
Balance with statutory/ government authorities	79.78	17.60	-
Expenses incurred on behalf of customers	69.22	67.23	6.90
	1,013.20	706.95	589.24

* Balances represents service tax erroneously paid by the Group during the financial year 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Note 14. SHARE CAPITAL

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹10 each		
As at April 1, 2015	49,50,40,000	49,504.00
Increase during the year	5,00,00,000	5,000.00
As at March 31, 2016	54,50,40,000	54,504.00
Increase during the year	-	-
As at March 31, 2017	54,50,40,000	54,504.00
Preference shares ₹98 each		
As at April 1, 2015	2,00,000	196.00
Increase during the year	-	-
As at March 31, 2016	2,00,000	196.00
Increase during the year	-	-
As at March 31, 2017	2,00,000	196.00

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 14. SHARE CAPITAL (contd.)

	No.	₹ in Lakhs
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹10 each issued, subscribed and fully paid up		
As at April 1, 2015 *	18,29,22,575	18,292.26
Issued during the year - Conversion of FCCBs	31,98,89,071	31,988.90
As at March 31, 2016	50,28,11,646	50,281.16
Issued during the year - Conversion of FCCBs	40,96,290	409.63
As at March 31, 2017	50,69,07,936	50,690.79

* includes 243,207 (March 31, 2016: 243,207; April 1, 2015: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Group had not declared any dividend during the year ended March 31, 2017 and March 31, 2016.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Details of shares held by each shareholder (together with Persons Acting in Concert [PAC]) holding more than 5% shares in the Company

Equity shares of ₹10 each issued, subscribed and fully paid up

Name of the shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of total shares	No.	% of total shares	No.	% of total shares
QVT Mauritius West Fund & Quintessence Mauritius West Fund	47,843,816	9.44	35,829,909	7.13	13,347,888	7.36
Deutsche Bank AG London -CB Account	17,436,426	3.44	21,559,422	4.29	10,892,721	6.01
Nomura Singapore Limited	2,806,956	0.55	881,257	0.18	10,234,433	5.64
Merrill Lynch Capital Markets Espana SA SV	-	-	4,311,884	0.86	10,192,621	5.62
Suffolk (Mauritius) Limited & Mansfield (Mauritius) Limited	-	-	-	-	17,372,221	9.58

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the consolidated financial statements for the year ended March 31, 2017

c) Shares reserved for issue under options (No.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)			
ESOP 2000	-	-	1,925
ESOP 2005	92,368	144,979	741,072
ESOP 2008	28,301	130,500	475,010
(ii) FCCBs (refer note 31)			
FCCBs I	-	67,174	67,174
FCCBs II	-	839,721	839,721
FCCBs III	15,522,785	19,619,075	200,531,961
	15,643,454	20,801,449	202,656,863

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares (No.)			
Equity shares allotted as fully paid-up pursuant to contract (no.)	8,93,35,462	8,93,35,462	8,93,35,462
(In accordance with the terms of FCCBs III, out of the principal face value of US\$ 127.72 Million (₹71,592.81 Lakhs), an amount of US\$ 36.32 Million (₹20,358.99 Lakhs) were mandatorily converted into equity shares on July 07, 2012). (Also refer note 31)			

Note 15. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Equity component of compound financial instruments		
Balance as per last financial statements	259.40	4,648.16
Less: Conversion of FCCBs	(54.16)	(4,388.76)
Closing balance	205.24	259.40
Securities premium		
Balance as per last financial statements	24,377.59	13,215.75
Add: Additions during the year on conversion of FCCBs	122.89	11,161.84
Closing balance	24,500.48	24,377.59
General reserve		
Balance as per last financial statements	1,779.76	1,779.76
Add: Additions during the year	-	-
Closing balance	1,779.76	1,779.76

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 15. OTHER EQUITY (contd.)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Employee stock options reserve		
Balance as per last financial statements	16.30	78.10
Less : Compensation on ESOP cancelled/lapsed during the year	(10.11)	(62.15)
Add : Deferred stock compensation expenses	0.25	0.35
Closing balance	6.44	16.30
Exchange reserve on consolidation		
Balance as per last financial statements	(10,266.73)	(8,438.50)
Add: Effect of foreign exchange rate variations during the year	(1,343.39)	(1,828.23)
Closing balance	(11,610.12)	(10,266.73)
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	6,935.28	(4,388.37)
Less: Loss for the year	(4,322.87)	(7,428.89)
Add: Residual portion of FCCB's conversion	256.06	18,757.58
Less: OCI- Remeasurement Losses of defined benefit obligations	(32.30)	(5.04)
Closing balance	2,836.17	6,935.28

Summary of other equity:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity component of compound financial instruments	205.24	259.40	4,648.16
Securities premium account	24,500.48	24,377.59	13,215.75
General reserve	1,779.76	1,779.76	1,779.76
Employee stock options reserve	6.44	16.30	78.10
Exchange reserve on consolidation	(11,610.12)	(10,266.73)	(8,438.50)
Surplus/(deficit) in the statement of profit and loss	2,836.17	6,935.28	(4,388.37)
Total other equity	17,717.97	23,101.60	6,894.90

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Notes to the consolidated financial statements for the year ended March 31, 2017

Note 16. BORROWINGS

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non -current			
Foreign currency convertible bonds (refer note 31)			
Secured*	-	2,860.16	48,151.16
Unsecured**	-	-	1,811.99
<i>Current maturities of long-term borrowings:</i>			
Secured*	2,277.17	-	-
Unsecured**	-	2,071.31	-
Term loans***			
Unsecured	-	1,196.36	5,312.50
Current maturities of long-term borrowings (unsecured)	7,782.00	6,287.69	2,187.50
	10,059.17	12,415.52	57,463.15
Less: Disclosed under other financial liabilities (current) (note 18)	(10,059.17)	(8,359.00)	(2,187.50)
	-	4,056.52	55,275.65
Current			
Loans repayable on demand from banks (Secured)			
Loan Type - I (refer note [i] & [iii])	5,216.24	6,045.73	6,906.14
Loan Type - II (refer note [i], [ii] & [iii])	3,373.67	4,350.01	5,600.40
	8,589.91	10,395.74	12,506.54

* Secured FCCBs are carried at amortised cost at an effective interest rate of 9% (March 31, 2016: 9%, April 1, 2015: 9%) with maturity date July 07, 2017.

** Unsecured FCCBs are carried at amortised cost at an effective interest rate of 10.5% (March 31, 2016: 10.5%, April 1, 2015: 10.5%) with maturity date March 09, 2017. These FCCBs were repaid on due date.

*** Represents loan taken by Subex Americas Inc., which has been guaranteed by Subex (UK) Limited. The repayment terms vary from 17-28 months. These loans are carried at amortised cost at an effective interest rate of 9.5% (March 31, 2016: 9.5%, April 1, 2015: 10.5%). These loans were due for repayment by June 30, 2017. Subsequent to the year end, the entire loan of US\$ 12 Million have been repaid on May 15, 2017. Refer note 29(ii) for further details.

(i) The secured loan from banks are secured by primary charge on customer receivables of the Company and *paripassu* first charge on the current assets of the Company, and collateral *paripassu* first charge on the fixed assets of the Company, collateral *paripassu* first charge along with other working capital lenders and FCCB holders to the extent of the FCCBs III repayment fund to be set up with the working capital lenders.

(ii) The Company has also submitted a corporate guarantee by Subex Technologies Limited of ₹4,205.00 Lakhs (March 31, 2016 : ₹5,570.00 Lakhs, April 1, 2015: ₹6,495.00 Lakhs) and with effect from October 01, 2014 corporate guarantee by Subex (UK) Limited of ₹4,205.00 Lakhs (March 31, 2016: ₹5,570.00 Lakhs; April 1, 2015: ₹6,495.00 Lakhs) and pledged it's 100% shares in Subex (UK) Limited.

(iii) Loans repayable on demand from banks consists of Cash Credit (CC) of ₹2,933.84 Lakhs (March 31, 2016: ₹1,762.89 Lakhs, April 1, 2015: ₹4,223.45 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹1,419.53 Lakhs (March 31, 2016: ₹3,945.39 Lakhs, April 1, 2015: ₹2,880.38 Lakhs) and Export Bill Rediscounting (EBRD) of ₹4,236.54 Lakhs (March 31, 2016: ₹4,687.46 Lakhs, April 1, 2015: ₹5,402.71 Lakhs), which carried an average interest rate of 11.67%, 3.89% and 5.51% (March 31, 2016: 12.91%, 4.05% and 5.89%, April 1, 2015: 14.25%, 5.05% and 8.88%) respectively. These facilities are renewable on a yearly basis.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 17. TRADE PAYABLES

Carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
Current			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises (refer note 17 [i])	-	4.83	3.06
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,804.91	1,671.75	3,411.44
	1,804.91	1,676.58	3,414.50

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 - 45 day terms.
- For explanations on the Group's liquidity risk management, refer note 40.

17 [i] Details of dues to micro enterprises and small enterprises:

The dues to Micro and Small enterprises as defined in "The Micro, Small & Medium Enterprises Development Act, 2006" are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	(₹ in Lakhs) As at April 1, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	4.83	3.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	0.06	0.53
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	0.06
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	0.06
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid.	-	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 18. OTHER FINANCIAL LIABILITIES

Carried at amortised cost

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Interest accrued but not due on borrowings	-	571.08	7,354.05
	-	571.08	7,354.05
Current			
Employee related liabilities	1,362.51	1,604.77	1,848.64
Interest accrued but not due on borrowings	500.83	2.98	1,047.80
Current maturities of long-term borrowings (refer note 16)	10,059.17	8,359.00	2,187.50
	11,922.51	9,966.75	5,083.94

Note 19. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unearned revenue	2,120.17	1,295.53	923.00
Statutory remittances (refer note 46)	964.84	1,139.34	1,042.30
	3,085.01	2,434.87	1,965.30

Note 20. Provisions

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Provisions for employee benefits			
Gratuity (refer note 36 [b])	296.79	295.47	320.16
	296.79	295.47	320.16
Current			
Provisions for employee benefits			
Gratuity (refer note 36 [b])	42.93	41.98	26.75
Leave benefits	533.64	511.23	415.75
Provision for litigations*	100.00	100.00	100.00
	676.57	653.21	542.50

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 34(b) for further details.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 21. INCOME TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for tax [net of advance tax ₹367.32 Lakhs (March 31, 2016: ₹853.81 Lakhs; April 1, 2015: ₹689.92 Lakhs)]	235.41	266.13	121.66
Provision for wealth tax	-	-	(0.82)
Provision for foreign taxes	486.98	349.78	-
Provision for litigation [net of tax deducted at source ₹62.29 Lakhs (March 31, 2016: ₹62.29 Lakhs; April 1, 2015: ₹62.14 Lakhs)*	161.97	161.97	162.12
	884.36	777.88	284.60

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provisions during the current and previous year, refer note 34(b) for further details.

Income tax expense in the statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Tax expense:		
Current tax - income tax charge for the current year	1,055.04	1,657.00
Deferred tax (MAT credit entitlement)	(94.20)	(383.93)
Total tax expense	960.84	1,273.07

Notes:

21(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.

21(ii) No deferred tax asset, other than MAT credit entitlement has been recognised in the absence of reasonable certainty that taxable profits will be available against which the unused tax losses, unused tax credit and other deductible temporary differences can be utilized.

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Notes to the consolidated financial statements for the year ended March 31, 2017

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Loss before tax	(3,362.03)	(6,155.82)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	-	-
Components of tax expenses:		
Current taxes:		
Tax expense on taxable income of profitable subsidiaries	148.98	27.03
Provision for foreign withholding taxes	811.86	1,246.04
MAT provision at 18.5% on the adjusted book profits of the company in accordance with the provisions of Income Tax Act, 1961	94.20	383.93
Deferred tax:		
MAT credit entitlement available on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	(94.20)	(383.93)
Total adjustments (B)	960.84	1,273.07
Total tax expense (A+B)	960.84	1,273.07

Note 22. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products	4,770.61	3,117.51
Sale of services	30,962.54	29,128.26
	35,733.15	32,245.77
Details of products sold		
Sale of license	4,487.66	2,873.47
Sale of hardware and software	282.95	244.04
	4,770.61	3,117.51
Details of services rendered		
Implementation and customisation	8,656.07	6,510.29
Managed services	10,913.06	11,334.29
Support services	11,138.09	11,200.45
Others	255.32	83.23
	30,962.54	29,128.26

Note 23. OTHER INCOME

	(₹ in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Net gain on disposal of property, plant and equipment	0.75	-
Write back of withholding taxes paid earlier (refer note 46)	1,036.59	-
Miscellaneous income	53.69	116.46
	1,091.03	116.46

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages*	14,210.04	14,237.88
Contribution to provident and other funds	1,127.08	1,187.52
Staff welfare expenses	533.94	608.75
	15,871.06	16,034.15

* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹700.00 Lakhs (March 31, 2016: ₹1064.70 Lakhs).

Note 25. OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of software	249.33	360.44
Sub-contract charges	1,602.62	1,555.51
Rent	1,803.39	1,793.75
Power and fuel	200.54	208.83
Repairs and maintenance	-	-
- Building	159.37	153.11
- Others	500.06	515.97
Insurance	111.93	104.13
Communication costs	331.03	354.82
Printing and stationery	34.32	31.52
Traveling and conveyance	3,082.12	2,711.42
Rates and taxes	109.48	156.44
Advertisement and business promotion	399.72	290.45
Consultancy charges	789.71	685.71
Payments to auditors (refer note 25 [i])	185.98	158.13
Sales commission*	123.42	228.02
Provision for doubtful debts	1,203.29	(439.03)
Exchange fluctuation (Gain)/loss (net)	(698.28)	515.18
Directors sitting fees	52.52	59.13
Loss on sale of fixed assets (net)	-	0.34
Miscellaneous expenses	18.74	16.13
	10,259.29	9,460.00

* Sales commission for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹Nil (March 31, 2016: ₹213.77 Lakhs).

25 [i] Payments to the auditor (excluding service tax):

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Statutory auditor		
As auditor		
Audit fee	102.00	87.00
Tax audit fee	4.00	4.00
In other capacity:		
Other services (certification services)	-	2.50
Reimbursement of expenses	13.67	4.41
	119.67	97.91

Notes to the consolidated financial statements for the year ended March 31, 2017

25 [i] Payments to the auditor (excluding service tax): (contd.)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	64.73	57.00
Reimbursement of expenses	1.58	3.22
	66.31	60.22
Total	185.98	158.13

Note 26. DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	458.32	378.71
Amortization of other intangible assets (refer note 4)	36.20	48.78
	494.52	427.49

Note 27. FINANCE INCOME

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on:		
Security deposits	35.83	61.74
Bank deposits	26.72	4.45
	62.55	66.19

Note 28. FINANCE COST

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
Foreign currency convertible bonds (refer note 31)	494.04	3,753.78
Term loan	463.63	973.63
Other borrowings	657.43	1,003.27
Other finance charges	22.94	25.20
Bank charges	402.04	395.72
	2,040.08	6,151.60

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 29. EXCEPTIONAL ITEMS (NET)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Impairment of goodwill (refer note 29 [i][a] & [b])	(10,890.00)	(8,870.00)
Reversal of interest accrued but not due pertaining to term loans (refer note 29[ii])	-	2,400.56
	(10,890.00)	(6,469.44)

29[i][a] As at March 31, 2017, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex Americas Inc., amounting to ₹9,736.00 Lakhs (March 31, 2016: ₹18,606.00 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹6,010.00 Lakhs (March 31, 2016: ₹8,870.00 Lakhs) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹3,726.00 Lakhs as at March 31, 2017 is appropriate.

29[i][b] As at March 31, 2017, the Company assessed the carrying value of goodwill relating to its investment in the subsidiary viz. Subex (UK) Limited amounting to ₹67,036.22 Lakhs (March 31, 2016: ₹67,036.22 Lakhs). Based on future operational plan, projected cash flows and valuation carried out by an external valuer, the Company has made an impairment provision of ₹4,880.00 Lakhs (March 31, 2016: ₹Nil) towards the carrying value of goodwill relating to its investment in the said subsidiary. The management is of the view that, the carrying value of goodwill relating to its investment in the said subsidiary of ₹62,156.22 Lakhs as at March 31, 2017 is appropriate.

29[ii] During the year ended March 31, 2016, pursuant to the QVT Interest Waiver Letter dated March 26, 2016, the lenders of term loan of US\$ 12.00 Million to Subex Americas Inc. had waived the interest liability up to the date of such letter and interest accruing thereafter upto August 22, 2016. Further, interest rate has been revised from 10.5% per annum to 5% per annum, effective August 22, 2016. Consequently, accrued outstanding interest of US\$ 2.90 Million (₹1,970.12 Lakhs) has been written back and impact on measurement of such long term borrowings at fair value resulted in reduction in carrying value by ₹430.44 Lakhs as at March 31, 2016. During the current year ended March 31, 2017, such interest waiver has been extended till June 30, 2017 and subsequent to the year end, the entire loan of US\$ 12.00 Million has been repaid as on May 15, 2017.

Note 30. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (EPS) amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2017	Year ended March 31, 2016
Nominal value per equity share (₹ per share)	10.00	10.00
Loss attributable to equity shareholders	(4,322.87)	(7,428.89)
Weighted average number of equity shares (No. in Lakhs)	5,063.00	2,904.20
Loss per share basic and diluted (₹ per share)*	(0.85)	(2.56)

* Foreign currency convertible bonds and employee stock options outstanding as at March 31, 2017 and March 31, 2016 are anti-dilutive and accordingly have not been considered for the purpose of dilutive EPS.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 31. FOREIGN CURRENCY CONVERTIBLE BONDS

a) During the year 2006-07, the Company issued Foreign Currency Convertible Bonds ("FCCBs I") aggregating to US\$ 180 Million, with an interest rate of 2% p.a. payable semi-annually in arrears, with terms of conversion being :

- i) Exchange rate for conversion of FCCB : ₹44.08/ US\$
- ii) Conversion price : ₹656.20 per share
- iii) Redemption date : March 09, 2012
- iv) Premium payable on redemption : US\$. 14.05 Million.
- v) Listing on the London Stock Exchange

The bonds were available for conversion at any point in time during the period prior to the redemption date. During the year 2009-10, the Company presented to restructure the FCCBs I by offering a discount of ~30% on the face value of the existing bonds in return for new FCCBs ("FCCBs II") having a face value of US\$ 126 Million.

Pursuant to the offer, the FCCBs I Bondholders, with a face value of US\$ 141 Million exchanged their bonds for new FCCBs with a face value of US\$ 98.70 Million. The remaining FCCBs I bondholders holding bonds with a face value of US\$ 39 Million (out of the original bondholders holding US\$ 180 Million) did not choose the option for restructuring. The terms and conditions applicable for the new FCCB II bonds, for the US\$ 98.70 Million face value, were as under :

- i) Interest rate : 5% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCBs II : ₹48.17/ US\$
- iii) Conversion price : ₹80.31 per share
- iv) Redemption date : March 09, 2012
- v) Premium payable on redemption : US\$. 23.23 Million.
- vi) Listing on the Singapore Exchange Securities Trading Limited

Both the bonds were initially redeemable on or by March 9, 2012, if not converted into equity shares as per terms of issue. Based on an approval received from the Reserve Bank of India and bond holders, the redemption date was extended to July 09, 2012.

Out of the US\$ 98.70 Million of FCCBs II, bonds having a face value of US\$ 31.90 Million were converted into equity shares as of March 31, 2010 and bonds with a face value of US\$ 12 Million were converted during the year ending March 31, 2011, retaining a closing balance of US\$ 54.80 Million outstanding FCCBs II bonds.

b) Pursuant to the approval of the holders of "US\$ 180 Million 2% convertible unsecured bonds", [of which US\$ 39 Million was outstanding ("FCCBs I")] and "US\$ 98.70 Million 5% convertible unsecured bonds", [of which US\$ 54.80 Million was outstanding ("FCCBs II")], at their respective meetings held on July 5, 2012 and exchange offers received under the exchange offer memorandum dated June 13, 2012, holders of US\$ 38 Million out of FCCBs I and US\$ 53.40 Million out of FCCBs II offered their bonds for exchange and secured bonds with a face value of US\$ 127.721 Million ("FCCBs III") were issued with maturity date of July 7, 2017. The Company has been legally advised that there is no tax incidence arising from the above restructuring.

The terms and conditions of FCCBs III are as under :

- i) Interest rate : 5.70% p.a. payable semi annually
- ii) Exchange rate for conversion of FCCB : ₹56.0545/ US\$

Notes to the consolidated financial statements for the year ended March 31, 2017

iii) Equity Conversion price : ₹22.79 per share

iv) Redemption date : July 07, 2017

v) Listing on the Singapore Exchange Securities Trading Limited

vi) Second ranking 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 FCCBs III.

vii) Mandatory conversion of bonds with a face value of US\$ 36.321 Million into equity shares at the aforesaid conversion price on July 07, 2012.

- c) Pursuant to approval of the RBI dated April 27, 2012 and requisite approvals under the trust deed of the holders of the Company's US\$ 180 Million convertible unsecured bonds and US\$ 98.70 Million convertible unsecured bonds, the maturity period of the un-exchanged portion of FCCBs I of face value US\$ 1 Million and FCCBs II of face value US\$ 1.40 Million stands extended to March 9, 2017, with its other terms and conditions remaining unchanged.

During the year ended March 31, 2017, the FCCBs I and FCCBs II are repaid in full along with the redemption premium applicable on these bonds on the maturity date.

- d) The Board in its meeting held on May 14, 2015, has approved the reset of conversion price of the FCCBs III, which are convertible into equity shares of the Company, from ₹22.79 to ₹13.00 per equity share. Subsequently, the reset of the conversion price has been approved by the shareholders in the annual general meeting held on June 19, 2015 and the bondholders in their meeting held on August 5, 2015. The Board in its meeting held on August 26, 2015 has approved August 26, 2015 as the effective date of reset of conversion price of ₹13 per share.

As a result of the aforesaid reset of conversion price, the said bonds with outstanding face value of US\$ 3.60 Million as at March 31, 2017 would potentially be converted into 15,522,785 equity shares at an exchange rate of ₹56.0545/US\$ with a conversion price of ₹13 per equity share.

- e) (i) Of the outstanding FCCBs III of US\$ 91.40 Million as of July 2012, US\$ 87.80 Million have been converted till year ended March 31, 2017 as detailed below:

Financial year/ period	FCCBs converted US\$ Million	Conversion rate per US\$	Conversion price	No. of equity shares
2012-13	3.25	₹56.0545	₹22.79	7,993,931
2014-15	6.62	₹56.0545	₹22.79	16,282,613
2015-16				
(i) during quarter ended June 30, 2015	6.50	₹56.0545	₹22.79	15,987,461
(ii) during June 30, 2015 to March 31, 2016	70.48	₹56.0545	₹13.00	303,901,610
2016-17	0.95	₹56.0545	₹13.00	4,096,290

Notes to the consolidated financial statements for the year ended March 31, 2017

(ii) The face value of FCCBs outstanding as on March 31, 2017 is as follows:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs	US\$ Million	₹ in Lakhs
FCCBs I	-	-	1.00	662.55	1.00	625.00
FCCBs II	-	-	1.40	927.57	1.40	875.00
FCCBs III	3.60	2,334.60	4.55	3,014.60	81.53	50,956.25
Total	3.60	2,334.60	6.95	4,604.72	83.93	52,456.25

- f) The FCCB holders in their respective meetings have approved the deferral of aggregate interest of US\$ 0.73 Million (₹473.41 Lakhs) in respect of outstanding FCCBs III with face value of US\$ 3.60 Million (₹2,334.60 Lakhs) for the period July 6, 2012 to January 5, 2016 till redemption date of the bonds, being July 07, 2017.
- g) Upon extinguishment of liability (i.e. principal and interest accrued), due to conversion of FCCBs III, the amortised cost of the liability in excess of share capital and securities premium as the date of conversion is credited to surplus/ (deficit) in the statement of profit and loss. Refer note 15.
- h) The amortised cost of borrowings and fair value of equity component of FCCBs outstanding as on March 31, 2017 is as follows:

	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. FCCBs outstanding:			
FCCBs I	-	831.27	717.88
FCCBs II	-	1,240.04	1,094.11
FCCBs III	2,277.17	2,860.16	48,151.16
Total	2,277.17	4,931.47	49,963.15
II. Equity component of convertible bonds	205.24	259.40	4,648.16

Note 32. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Group's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Group's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Notes to the consolidated financial statements for the year ended March 31, 2017

Segment revenue by geographical location are as follows:*

(₹ in Lakhs)

Region	Year ended March 31, 2017	Year ended March 31, 2016
Americas	6,554.53	6,567.54
EMEA	20,392.00	18,017.37
India	2,835.33	2,013.55
APAC and rest of the world	5,951.29	5,647.31
	35,733.15	32,245.77

* Revenues by geographic area are based on the geographical location of the customer.

No customer individually accounted for more than 10% of the total revenue of the group for the year ended March 31, 2017. Revenue from one customer of EMEA region amounting to ₹3,498.75 (year ended March 31, 2016: ₹3,537.63) is more than 10% of the total revenue of the group for the year ended March 31, 2016.

Non-current operating assets by geographical location are as follows**

(₹ in Lakhs)

Region	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	1,046.07	1,019.45	817.08
Outside India	440.94	327.02	267.67
Unallocated ***	65,882.22	76,772.22	85,642.22
Total non-current operating assets	67,369.23	78,118.69	86,726.97

** Non-current operating assets includes Property, plant and equipment, Other intangible assets and Balance with statutory/government authorities and Prepaid expenses.

*** Unallocated represents Goodwill on consolidation. The management is of the view is that it is not practically feasible to allocate such goodwill to various regions.

Note 33. RELATED PARTY TRANSACTIONS

Related parties under Ind AS 24 and as per Companies Act, 2013.

Key management personnel of the Company

Surjeet Singh	Managing Director and Chief Executive Officer
Anil Singhvi	Independent Director
Nisha Dutt	Independent Director
Poornima Prabhu	Independent Director - Appointed w.e.f March 24, 2017
Sanjeev Aga	Independent Director - Resigned w.e.f October 27, 2016
Priyanka Roy	Independent Director - Resigned w.e.f March 10, 2017
Ganesh KV	Chief Financial Officer, Global Head- Legal and Company Secretary

Notes to the consolidated financial statements for the year ended March 31, 2017

Details of the transactions with the key management personnel

(₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salary and perquisites:*		
Surjeet Singh	571.53	557.05
Ganesh KV	77.41	67.40
	648.94	624.45
Director sitting fees		
Anil Singhvi	22.00	22.50
Nisha Dutt	14.00	6.00
Sanjeev Aga	10.00	22.50
Priyanka Roy	3.00	3.00
	49.00	54.00

*The remuneration to the key managerial personnel does not include the provisions/accruals made on estimate basis as they are determined for the Group as a whole

Note 34. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments

Operating leases

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹761.78 Lakhs (March 31, 2016: ₹536.93 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Within one year	63.71	753.61
After one year but not more than five years	5.44	70.65
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹1,041.61 Lakhs (March 31, 2016: ₹1,256.82 Lakhs).

Notes to the consolidated financial statements for the year ended March 31, 2017

b) Contingent liabilities			(₹ in Lakhs)
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax demands (refer Note - [i])	8,196.31	9,217.35	9,008.77
Service tax demands (refer Note - [ii])	3,687.15	3,687.15	3,687.15
Others (Note - [iii])	1,293.44	1,293.44	1,337.64
Bank guarantees (furnished to customers)	248.89	317.48	803.48
Corporate guarantee issued by Subex Technologies Limited and Subex (UK) Limited (refer note 16)	4,205.00	5,570.00	6,495.00

i. Income tax

The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2013, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

The Group has received demand order towards the service tax on import of certain services and equivalent amount of penalties under the provisions of the Finance Act, 1994 along with the consequential interest during the period April 2006 to July 2009. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the service tax is not applicable on those import of services, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matter under litigation, no provision has been made in the books of account for these tax demands.

iii. Others

The Group has received certain claims from ex-directors of the Company for an amount of ₹ 1,293.44 Lakhs. The aforesaid claims are disputed by the Group and the matter is presently under arbitration with the arbitral tribunal. The management is of the view that these claims are not tenable.

The Group has also claimed the excess managerial remuneration of ₹123.80 Lakhs (March 31, 2016: ₹ 123.80 Lakhs, April 1, 2015: ₹123.80 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹110.00 Lakhs (March 31, 2016: ₹110.00 Lakhs, April 1, 2015: ₹110.00 Lakhs). The aggregate amount of ₹233.80 Lakhs (March 31, 2016: ₹233.80 Lakhs, April 1, 2015: ₹ 233.80 Lakhs) is included in 'Other Financial Assets' in the consolidated financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 34(a).

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 35. EMPLOYEE STOCK OPTION PLAN ('ESOPs')

The Group during the years 1999-2000, 2005-2006 and 2008-09 has established equity settled ESOP schemes of ESOP II, ESOP III and ESOP IV respectively. As per these schemes, the Compensation Committee grants the options to the employees deemed eligible by the Advisory Board constituted for the purpose. The options are granted at a price, which is not less than 85% of the average market price of the underlying shares based on the quotation on the Stock Exchange where the highest volume of shares are traded for 15 days prior to the date of grant. The shares granted vest over a period of 1 to 4 years and can be exercised over a maximum period of 3 years from the date of vesting.

Employees' Stock Options details as on the balance sheet date are:

	2016-17		2015-16	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – II	-	-	1,925	67.00
ESOP – III	1,44,979	24.28	7,41,072	27.99
ESOP – IV	1,30,500	28.51	4,75,010	28.49
Cancelled, surrendered or lapsed during the year				
ESOP – II	-	-	1,925	-
ESOP – III	52,611	-	5,96,093	-
ESOP – IV	1,02,199	-	3,44,510	-
Options outstanding at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Options exercisable at the end of the year				
ESOP – II	-	-	-	-
ESOP – III	92,368	22.99	1,26,429	22.65
ESOP – IV	28,301	28.44	1,30,500	28.51

Notes to the consolidated financial statements for the year ended March 31, 2017

Details of Weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2016-17	2015-16	2016-17	2015-16
ESOP – II	-	-	-	-
ESOP – III	1.99	1.49	10.26 - 54.83	10.26 - 73.90
ESOP – IV	0.67	0.11	28.44	28.44 - 53.54

* considering vesting and exercise period

Fair value methodology

There were no new grants during the year ended March 31, 2017. The key assumptions used in Black-Scholes model for calculating fair value is as below:

	March 31, 2017	March 31, 2016
Risk-free interest rate	6.00% - 8.00%	6.00% - 8.00%
Expected volatility of share	34.00% - 64.85%	34.00% - 64.85%
Expected dividend yield	0.00% - 1.19%	0.00% - 1.19%
Expected life(years)	4	4

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Note 36. EMPLOYEE BENEFIT PLANS

a) Provident fund

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 989.77 Lakhs (March 31, 2016: ₹ 973.02 Lakhs) for Provident Fund and Pension Fund contributions and ₹ Nil (March 31, 2016: ₹ 0.08 Lakhs) for Employee State Insurance scheme contribution in the consolidated Statement of profit and loss.

b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the consolidated financial statements for the year ended March 31, 2017

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19		(₹ in Lakhs)	
	As at March 31, 2017	As at March 31, 2016	
A	Change in defined benefit obligation		
	Obligations at beginning of the year	452.94	405.20
	Past Service cost	-	15.10
	Service cost	75.39	74.97
	Interest cost	31.91	30.14
	Benefits settled	(107.67)	(78.94)
	Actuarial loss (through OCI)	32.75	6.47
	Currency translation adjustment	(1.51)	-
	Obligations at end of the year	483.81	452.94
B	Change in plan assets		
	Plan assets at beginning of the year, at fair value	115.49	58.29
	Expected return on plan assets	8.97	4.94
	Actuarial loss (through OCI)	0.45	1.43
	Contributions	120.00	130.00
	Benefits settled	(100.82)	(79.17)
	Plan assets at the end of the year	144.09	115.49
	Present value of defined benefit obligation at the end of the year	(483.81)	(452.94)
	Fair value of plan assets at the end of the year	144.09	115.49
C	Net liability recognised in the consolidated balance sheet	(339.72)	(337.45)
			(₹ in Lakhs)
		Year ended March 31, 2017	Year ended March 31, 2017
D	Expenses recognised in statement of profit and loss:		
	Service cost	75.39	74.97
	Past service cost	-	15.10
	Interest cost (net)	22.94	25.20
	Net gratuity cost	98.33	115.27
E	Re-measurement gains/(losses) in OCI		
	Actuarial loss due to financial assumption changes	12.90	2.65
	Actuarial loss due to experience adjustments	19.85	3.82
	Actuarial gain-return on plan assets greater than discount rate	(0.45)	(1.43)
	Total expenses recognised through OCI	32.30	5.04
F	Assumptions		
	Discount rate	7.00%	7.60%
	Expected return on plan assets	7.60%	8.50%
	Salary escalation*	8.00%	8.00%
	Attrition rate	18.00%	18.00%
	Retirement age	60 years	60 years

Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in Lakhs)

G Five years payouts	As at March 31, 2017	As at March 31, 2016
Year 1	43.10	42.04
Year 2	70.07	70.64
Year 3	65.11	62.02
Year 4	62.16	54.14
Year 5	56.52	48.35
After 5th Year	365.67	166.54
H Contribution likely to be made for the next one year	120.00	120.00

* The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
Investment with insurer	100%	100%

J Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2017		Year ended March 31, 2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect of change in discount rate				
Impact on defined benefit obligation increase/(decrease)	(10.35)	10.85	(8.53)	8.91
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/(decrease)	17.93	(17.21)	11.53	(11.74)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/(decrease)	(11.59)	8.73	0.74	(8.56)

Note 37.

Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

(a) Contribution of net assets/(liability) in the consolidated financial statements:

(₹ in Lakhs)

Name of the entity	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Amount	% of total	Amount	% of total	Amount	% of total
Parent						
Subex Limited	65,110.94	95%	71,038.21	97%	24,935.23	99%
Indian Subsidiaries						
Subex Technologies Limited	42.05	0%	(114.15)	0%	(116.13)	0%
Foreign Subsidiaries						
Subex (Asia Pacific) Pte Ltd.	2,575.01	4%	1,620.76	2%	2,132.64	8%
Subex (UK) Ltd.	6,575.07	9%	6,962.84	10%	5,756.99	23%
Subex Americas Inc.	(7,814.80)	-11%	(7,826.01)	-11%	(9,317.61)	-37%
Subex Inc.,	603.72	1%	1,385.69	2%	1,788.99	7%
Subex Technologies Inc.	(0.05)	0%	1.39	0%	2.79	0%
Subex Middle East	1,316.82	2%	314.03	0%	4.26	0%
Total	68,408.76	100%	73,382.76	100%	25,187.16	100%

Notes to the consolidated financial statements for the year ended March 31, 2017

(b) Contribution of profit/(loss) in the consolidated financial statements:

(₹ in Lakhs)

Name of the entity	Year ended March 31, 2017		Year ended March 31, 2017	
	Amount	% of total	Amount	% of total
Parent				
Subex Limited	(13,987.30)	324%	(14,566.71)	196%
Indian Subsidiaries				
Subex Technologies Limited	51.67	-1%	(0.46)	0%
Foreign Subsidiaries				
Subex (Asia Pacific) Pte Ltd.	1,445.86	-33%	1,091.95	-15%
Subex (UK) Ltd.	7,203.94	-168%	5,014.71	-67%
Subex Americas Inc.	42.01	-1%	1,657.71	-22%
Subex Inc.,	(330.61)	8%	(743.18)	10%
Subex Technologies Inc.	(1.45)	0%	(0.52)	0%
Subex Middle East	1,253.01	-29%	117.61	-2%
Total	(4,322.87)	100%	(7,428.89)	100%

Note: The balances have been considered after eliminating all inter-company balances and transactions.

Note 38. CAPITAL MANAGEMENT

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Total equity attributable to the share holders of the Company	68,408.76	73,382.76	25,187.16
Borrowings - Non-Current	-	4,056.52	55,275.65
Borrowings - Current	8,589.91	10,395.74	12,506.54
Current maturities of long term borrowings	10,059.17	8,359.00	2,187.50
B. Total loans and borrowings	18,649.08	22,811.26	69,969.69
C. Total capital (A+B)	87,057.84	96,194.02	95,156.85
D. Total loans and borrowings as a percentage of total capital (B/C)	21%	24%	74%
E. Total equity as a percentage of total capital (A/C)	79%	76%	26%

The Company has transformed from a debt dominated Company to an equity dominated Company from financial year 2015-16. Current maturities of term loans of US\$ 12.00 Million (₹7,782.00 Lakhs) has been repaid as on May 15, 2017. Balance current maturities represent FCCBs III of ₹2,277.17 Lakhs, due for repayment in July 07, 2017. The current borrowings are in the nature of working capital loans from banks. The Group has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid FCCBs debt and current borrowings.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 39. FAIR VALUE HIERARCHY

The carrying value of financial instruments by categories is as follows:

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets measured at amortized cost:			
Interest accrued but not due on bank deposits*	11.30	4.95	2.88
Trade receivables*	11,851.15	11,148.15	10,859.88
Unbilled revenue*	4,497.12	2,547.38	5,088.77
Security deposits^	398.82	365.48	752.23
Loans and advances to employees*	195.56	198.78	329.69
Advance recoverable from former directors*	233.80	233.80	233.80
	17,187.75	14,498.54	17,267.25
Cash and cash equivalents and other balances with banks			
Cash on hand#	0.79	0.82	0.77
Balance with banks#	7,385.31	8,599.06	4,917.31
Margin money deposits#	257.73	237.42	751.92
	7,643.83	8,837.30	5,670.00
Financial liabilities measured at amortized cost:			
Employee related liabilities*	1,362.51	1,604.77	1,848.64
Trade payables*	1,804.91	1,676.58	3,414.50
Interest accrued but not due on borrowings^	500.83	574.06	8,401.85
Borrowings^	18,649.08	22,811.26	69,969.69
	22,317.33	26,666.67	83,634.68

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value value. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Note 40. FINANCIAL RISK MANAGEMENT:

The Group's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

i Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

Notes to the consolidated financial statements for the year ended March 31, 2017

a. Trade receivables

Credit risk is managed by each business unit as per the groups established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Groups credit period generally ranges from 30 – 180 days. The credit risk exposure of the group is as below.

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	11,851.15	11,148.15	10,859.88
Unbilled revenue	4,497.12	2,547.38	5,088.77
Total	16,348.27	13,695.53	15,948.65

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited as Group generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's debt obligations are: 1) FCCBs and term loans which carry a fixed coupon rate and 2) Short term borrowings in nature of working capital loans, which carry floating interest rates. Accordingly, the Group's risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Change in interest rate	Effect of profit before tax	Change in interest rate	Effect of profit before tax
Working capital loans	+1%	(94.41)	+1%	(107.85)
	-1%	94.41	-1%	107.85

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

Notes to the consolidated financial statements for the year ended March 31, 2017

The break-up of cash and cash equivalents and deposits and investments is as below.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents	7,386.10	8,599.63	4,918.08
Other balances with banks	257.73	237.67	751.92
	7,643.83	8,837.30	5,670.00

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2017					
Trade payables	542.12	999.99	262.80	-	1,804.91
Borrowings	-	18,701.11	-	-	18,701.11
Other financial liabilities	-	1,866.71	-	-	1,866.71
	542.12	21,567.81	262.80	-	22,372.73
As at March 31, 2016					
Trade payables	514.08	808.44	354.06	-	1,676.58
Borrowings	-	14,702.32	3,909.04	4,339.60	22,950.96
Other financial liabilities	-	1,649.46	-	610.48	2,259.94
	514.08	17,160.22	4,263.10	4,950.08	26,887.48

iv Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

March 31, 2017

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	6,631.05	-	1,586.91	1,670.23	9,888.19
Cash and cash equivalents and other bank balances	4,694.29	-	582.36	339.46	5,616.11
Other financial assets	3,069.75	0.32	186.06	84.80	3,340.93
Total financial assets	14,395.09	0.32	2,355.33	2,094.49	18,845.23
Financial liabilities					
Borrowings	2,786.39	1,978.76	72.74	818.18	5,656.07
Other financial liabilities	3,277.47	-	191.58	264.90	3,733.95
Total financial liabilities	6,063.86	1,978.76	264.32	1,083.08	9,390.02
Net financial assets/ (liabilities)	8,331.23	(1,978.76)	2,091.01	1,276.31	9,455.21

Notes to the consolidated financial statements for the year ended March 31, 2017

March 31, 2016					(₹ in Lakhs)
Particulars	Denominated Currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	6,144.42	-	1,238.77	2,458.88	9,842.07
Cash and cash equivalents and other bank balances	2,690.39	-	2,982.73	257.88	5,931.00
Other financial assets	1,792.40	0.90	76.74	112.28	1,982.32
Total financial assets	10,627.21	0.90	4,298.24	2,829.04	17,755.39
Financial liabilities					
Borrowings	6,840.48	3,927.41	66.17	659.08	11,493.14
Other financial liabilities	3,272.07	18.17	67.46	158.20	3,515.90
Total financial liabilities	10,112.55	3,945.58	133.63	817.29	15,009.04
Net financial assets/ (liabilities)	514.66	(3,944.68)	4,164.61	2,011.76	2,746.35

Sensitivity analysis

Every 1% increase or decrease of the respective foreign currencies compared to functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.29% (year ended March 31, 2016 by 0.09%).

Note 41. ADOPTION OF IND AS

A First time adoption

These consolidated financial statements, for the year ended March 31, 2017, have been prepared in accordance with Ind AS. For the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP' or 'Previous GAAP').

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for year ending on March 31, 2017 together with the comparative period data, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the consolidated financial statements as at and for the year ended March 31, 2016.

B Exemption applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- 1 The Group has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- 2 Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the transition. After the date of the transition, measurement is in accordance with respective Ind AS.
- 3 Ind AS 102 Share-based payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

Notes to the consolidated financial statements for the year ended March 31, 2017

C Reconciliation of total equity between previous GAAP and Ind AS

1 Equity reconciliation:

(a) For the year ended March 31, 2016:

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2016
Equity as reported under previous GAAP		72,699.93
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	386.61
(b) Other term loans	41 D(2)	466.49
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(233.27)
(iii) Others (net)	41 D(4)&(5)	63.00
Equity as per Ind AS		73,382.76

(b) As at April 01, 2015:

(₹ in Lakhs)

Particulars	Notes	As at April 01, 2015
Equity as reported under previous GAAP		20,904.02
Effect of transition to Ind AS		
(i) Impact on measurement of long term borrowings at fair value:		
(a) Fair valuation of FCCBs	41 D(1)	4,456.58
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(200.73)
(iii) Others (net)	41 D(4)&(5)	27.29
Equity as per Ind AS		25,187.16

2 Total comprehensive income reconciliation for the year ended March 31, 2016:

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2016
Net profit under previous GAAP		5,872.49
Effect of transition to Ind AS:		
(i) Measurement of FCCBs at fair value		
(a) Impact on finance cost due to effective interest rate and transfer of interest no longer payable to retained earnings on conversion of FCCBs into equity shares.	41 D(1)	(11,891.15)
(b) Impact on foreign exchange due to change in carrying value of FCCBs and related account balances and transfer of exchange gain to retained earnings on conversion of FCCBs into equity shares.		(1,846.23)
(ii) Impact of deferral of revenue pertaining to free support services	41 D(3)	(32.54)
(iii) Impact on measurement of other long term borrowings at fair value	41 D(2)	431.00
(iv) Others (net)	41 D(4)&(5)	37.54
Net loss after tax as per Ind AS		(7,428.89)
Other comprehensive income	41 D(5)&(6)	(1,833.27)
Total comprehensive income as per Ind AS		(9,262.16)

Notes to the consolidated financial statements for the year ended March 31, 2017

D Notes to reconciliation between Previous GAAP and Ind AS:

1 Fair valuation of foreign currency convertible bonds:

In accordance with the recognition and measurement principles laid down in Ind AS, the Group has revised the accounting treatment in respect of FCCBs with effect from the transition date. As required by the applicable Ind AS, the Group has identified FCCBs as compound financial instruments and identified the equity component on the date of inception of the bonds. The fair value of the liability component is re-evaluated at each date of significant modification. The fair value of the liability is computed by amortised cost method by discounting the liability using the applicable effective interest rate as at the date of the last significant modification. The difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'consolidated statement of profit and loss'.

Similarly, the non-current portion of interest accrued but not due on FCCBs is carried at amortised cost by discounting the same to its fair value and the difference between the carrying value as per previous GAAP and as per Ind AS as at April 1, 2015 is adjusted through 'Surplus/ (deficit) in the statement of profit and loss'. Subsequently interest cost is recognised at the effective interest rate in the 'consolidated statement of profit and loss'.

Under the previous GAAP, upon conversion of FCCBs III into equity shares, the interest accrued but not due pertaining to the converted FCCBs and foreign exchange gain on FCCBs conversion was credited to the consolidated statement of profit and loss as 'exceptional item'. Under Ind AS, such conversion is treated as extinguishment of liability and the gain on such extinguishment of liability of FCCBs is required to be credited to 'other equity' and not recognised through 'consolidated statement of profit and loss'. Accordingly, the excess of amortised cost of liability (ie., principle and interest accrued but not due pertaining to converted FCCBs) over share capital and securities premium on conversion of FCCBs is credited to 'Surplus/ (deficit) in the statement of profit and loss'.

Under previous GAAP, exchange gain/ loss on restatement of FCCBs was not immediately charged to the 'consolidated statement of profit and loss' and deferred over the contractual life of the FCCBs, by crediting/ debiting 'Foreign currency monetary item translation difference', under reserves and surplus. Under Ind AS gain/ loss on restatement of FCCBs is immediately recognised in the 'consolidated statement of profit and loss' in the period in which such gain/ loss occurs.

2 Fair valuation of term loan

Under the previous GAAP extinguishment of liability due to waiver of interest accrued but not due was charged to the 'consolidated statement of profit and loss'. Further, the borrowings were carried at transaction value in the books of accounts. Under Ind AS on the date of such substantial modification to the terms of borrowing, the term loan is accounted at fair value, by amortised cost method by discounting the loan to its fair value using effective interest rate. The difference between the carrying value of the borrowings and interest accrued under previous GAAP and the fair value under Ind AS as at the date of such substantial modification is credited to the 'consolidated statement of profit and loss'.

3 Deferred revenue

Under the previous GAAP, the cost related to free support services was deferred and charged to the 'consolidated statement of profit and loss' over the period of the free support services. Under Ind AS, the fair value of revenue in relation to free support services is deferred and recognised over the period of free support services. Accordingly, the adjustment of deferred revenue is debited to 'Surplus/ (deficit) in the statement of profit and loss' as at April 1, 2015 and debited to revenue for the year ended March 31, 2016. Further, the cost deferred under previous GAAP is reversed through the 'consolidated statement of profit and loss' for the year ended March 31, 2016 as a transition adjustment.

Notes to the consolidated financial statements for the year ended March 31, 2017

4 Security deposits and rent equilisation reserve

Under Ind AS interest free security deposits are carried at amortised cost by, discounting the same using interest rates applicable to the counter party. The difference between transaction cost and fair value is recognised as prepaid lease and amortised over the period of the lease on a straight-line basis. Further, interest income is recognised on the amortised cost of the security deposits over the lease period.

Under pervious GAAP operating lease expenses were recognised in the 'consolidated statement of profit and loss' on a straight line basis over the lease term. The difference between lease expense recognised in the 'consolidated statement of profit and loss' and contractual lease payments was recognised as 'rent equilisation reverse' Under Ind AS when the escalations in lease payments are linked to inflation, the operating lease expenses are recognised in the 'consolidated statement of profit and loss' as per the terms of the lease arrangement. Accordingly, rent equalisation is as at April 1, 2015 was reversed to 'surplus/ (deficit) in the statement of profit and loss' and for the year ended March 31, 2016, the same was reversed through the 'consolidated statement of profit and loss'.

5 Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the 'consolidated statement of profit and loss'. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

6 Exchange differences on translation of foreign operations

Under Ind AS the net movement in exchange differences arising on translation of foreign subsidiaries from a reporting date to the immediate next reporting date is recognised as 'OCI to be reclassified to profit or loss in subsequent periods' and forms part of the disclosure for 'Total Comprehensive Income' in the 'consolidated statement of profit and loss'.

Note 42. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the consolidated financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 43. DETAILS OF SPECIFIED BANK NOTES (SBN):

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	(₹ in Lakhs)		
	SBN's	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.02	0.07	0.09
Add: Permitted receipts	-	-	-
Add: Withdrawals from bank accounts	-	1.15	1.15
Less: Permitted payments	(0.02)	(1.19)	(1.21)
Less: Amount deposited in bank accounts	-	(0.03)	(0.03)
Closing cash in hand as on December 30, 2016	-	-	-

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

Note 44. COST OF HARDWARE, SOFTWARE AND SUPPORT CHARGES:

The Group purchases hardware and software to fulfil its obligations under contracts for sale of its products or rendering of its services. There was no inventory of such hardware/software at the beginning and end of the year.

Cost of hardware, software and support charges for the year ended March 31, 2017 is net of reversal of provision no longer required amounting to ₹ Nil (March 31, 2016: ₹386.38 Lakhs).

Note 45

Subsequent to balance sheet date, the Company has made an allotment of 55,094,999 equity shares of the Company on a preferential basis, at an issue price of ₹14 per equity share (Face value of ₹10 per equity share) amounting to ₹7,713.30 Lakhs.

Note 46

The Group had remitted the withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹1,051.60 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Group in respect of the aforesaid interest, are recoverable from income tax department and/or are adjustable against its other withholding taxes obligations. Accordingly, in the current year the Group has revised the returns of withholding taxes and adjusted withholding taxes of ₹1,036.59 Lakhs (March 31, 2016: ₹ Nil) on salary, professional services and others by write back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under 'Other income'.

Notes to the consolidated financial statements for the year ended March 31, 2017

Note 47

The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2017 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.

Note 48

As per Section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding financial years and accordingly, is not required to spend any amount for this purpose. However, during the year ended March 31, 2017, the Company has voluntarily incurred an expense of ₹3.6 Lakhs towards CSR activities.

Note 49

The consolidated financial information of the Group for transition date i.e. opening consolidated balance sheet date being April 01, 2015 included in these consolidated financial statements, are based on the previously issued consolidated financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP as adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS, which have been audited by us.

The comparative consolidated financial information as at and for the year ended March 31, 2016 have been compiled after making necessary Ind AS adjustments to the audited consolidated financial statements prepared under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership number: 213803

Place: Bengaluru, India
Date : May 25, 2017

For and on behalf of the Board of Directors

Surjeet Singh Managing Director & CEO DIN : 05278780	Anil Singhvi Director DIN : 00239589	Nisha Dutt Director DIN : 06465957
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Poornima Prabhu Director DIN : 03114937	Ganesh K.V CFO & Global Head- Legal & Company Secretary
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Place: Bengaluru, India
Date : May 25, 2017

Shareholders' Information

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE 23RD ANNUAL GENERAL MEETING (AGM)

Date	July 28, 2017 (Friday)
Venue	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru, Karnataka- 560052
Time	3 PM

DATES OF BOOK CLOSURE

From July 22, 2017 to July 28, 2017 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 01, 2017 to March 31, 2018

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2017	4 th week of July 2017
For quarter ending September 30, 2017	2 nd week of November 2017
For quarter ending December 31, 2017	2 nd week of February 2018
For the year ending March 31, 2018	4 th week of May 2018

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2016-17.

LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 5, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2016-17 in accordance with the provisions of the SEBI (LODR) Regulations, 2015

The 2,43,207 Global Depository Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 9, 2007.

The Company's outstanding US\$ 1,000,000 out of US\$ 180,000,000 2% Convertible Unsecured Bonds listed on the London Stock Exchange (LSE) with maturity date of March 9, 2017 was redeemed on March 6, 2017. The Company's outstanding US\$ 1,400,000 out of US\$ 98,700,000 5% Convertible Unsecured Bonds which were listed on the Singapore Exchange Securities Trading Limited (SGX) with maturity date of March 9, 2017 was redeemed on March 6, 2017.

The Company's US\$ 127.721 million 5.70% Convertible Secured Bonds (outstanding amount of US\$ 3.60 Million), issued pursuant to the restructuring of US\$ 180 million 2% Convertible Unsecured Bonds and US\$ 98.7 million 5% Convertible Unsecured Bonds, have been listed on the Singapore Exchange Securities Trading Limited since July 10, 2012.

The stock codes of the Company at the Stock Exchanges are as follows:

Name and address of the Stock Exchange	Stock code
National Stock Exchange of India Limited , Exchange Plaza, 5 th Floor, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East) Mumbai- 400051	SUBEX
BSE Limited , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	532348
London Stock Exchange , 10 Paternoster Square, London, EC4M 7LS	SUBX
Singapore Exchange Securities Trading Limited , 2 Shenton Way #19-00, SGX Centre 1, Singapore 068804	2EUB (SUBEX US\$127.721 million 5.70% bonds)

The International Securities Identification Number (ISIN) for the Company's Equity Shares in dematerialized form is INE754A01014.

CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. The said circular has been partially modified vide SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2016-17 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2016.

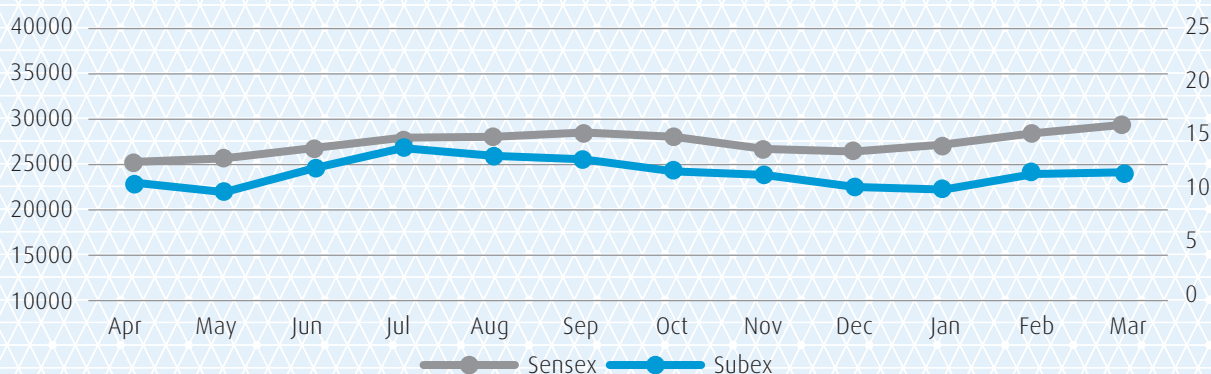
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

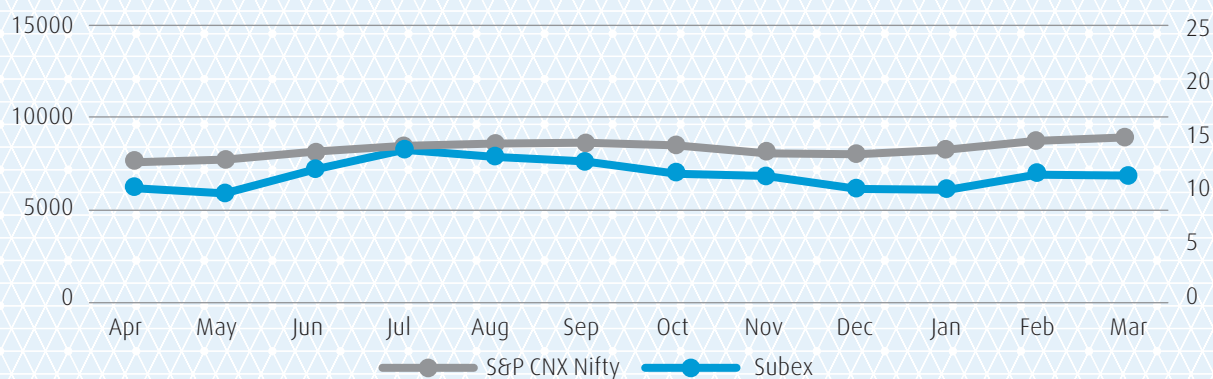
Monthly high and low quotes during each month in the financial year 2016-17 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE		BSE		Index Close Price	
	High* ₹	Low* ₹	High ₹	Low ₹	Sensex (Closing price)	Nifty (closing price)
Apr-16	9.85	9.34	9.84	9.35	25,441.47	7,786.52
May-16	9.74	9.21	9.72	9.22	25,693.69	7,871.86
Jun-16	10.34	9.76	10.33	9.78	26,717.74	8,191.20
Jul-16	13.45	12.67	13.43	12.67	27,713.41	8,505.61
Aug-16	12.52	11.83	12.52	11.85	28,006.90	8,640.42
Sep-16	12.47	11.84	12.47	11.85	28,502.55	8,783.33
Oct-16	11.69	11.27	11.69	11.26	28,001.69	8,666.75
Nov-16	10.38	9.82	10.39	9.84	26,718.09	8,250.75
Dec-16	10	9.60	9.98	9.61	26,372.93	8,114.03
Jan-17	9.93	9.56	9.91	9.57	27,165.46	8,386.2
Feb-17	11.45	10.84	11.45	10.86	28,457.40	8,813.34
Mar-17	11.21	10.76	11.21	10.76	29,269.49	9,047.06

*The monthly high and low quotes are calculated based on the average high and low prices of the month respectively.

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX





CREDIT RATING

India Ratings and Research (Ind-Ra) has rated Subex Limited's bank facilities as BBB +.

SHAREHOLDING PATTERN

(As per records of the RTA)*

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2017		As on March 31, 2016	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 - 5000	56,308	52.90	57,307	53.41
5001 - 10000	17,686	16.62	17,555	16.36
10001 - 20000	11,422	10.73	11,501	10.72
20001 - 30000	4,938	4.64	5,024	4.68
30001 - 40000	2,468	2.32	2,615	2.44
40001 - 50000	3,585	3.37	3,428	3.20
50001 - 100000	4,863	4.57	4,833	4.50
100001 and above	5,164	4.85	5,030	4.70
TOTAL	1,06,434	100.00	1,07,297	100.00

Categories of Shareholders:

Category	As on March 31, 2017			As on March 31, 2016		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Other (includes GDR's and Foreign Corporate Bodies)	105,041	78.17	396,248,254	105,713	76.77	322,870,381
Companies/ Indian Bodies Corporate	1,348	20.96	106,260,982	1,536	22.76	95,994,040
Core Promoters	3	0.19	974,044	3	0.23	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/Employee shareholders	41	0.12	617,700	44	0.22	934,498
FII	1	0.56	2,806,956	1	0.02	9,75,257
TOTAL	1,06,434	100.00	506,907,936	1,07,297	100.00	421,748,220

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computer Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bangalore - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form *vide* a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI vide its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor, No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram, Bangalore - 560 003
Tel Nos. +91 80-23469661/62, 23469664/65
Fax Nos. +91 80-23469667/68
E-mail: canbankrta@ccsl.co.in
Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2017, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2017, the outstanding GDR's were 2,43,207.

Details of the Company's outstanding FCCB's as on March 31, 2017 is as under:

(amount in US\$ million)

Particulars	US\$ 180,000,000 2.00% coupon convertible bonds "FCCB I"	US\$ 98,700,000 5.00% convertible unsecured bonds "FCCB II"	US\$ 127,721,000 5.70% secured convertible bonds "FCCB III"
Issue of FCCB I on 8 th March, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on 2 nd November, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance 31 st March, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on 6 th July, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares during on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity upto 31 st March, 2016	-	-	(86.85)
Balance as on 31 st March, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on 6 th March, 2017	(1.00)	(1.40)	-
Balance as on 31 st March, 2017	-	-	3.60

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature

NOMINATION

Pursuant to the provisions of Section 72 of The Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH 13 (in duplicate), if not already filed. Form SH 13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The company is not doing any hedging activities, as there is a natural hedge between exports and imports.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2016 to March 31, 2017 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through E-mails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through e-mail or telephone)	Received	Cleared
Non-receipt of share certificates/ refund orders/call money notice/ allotment advice/dividend warrant/ annual report	0	0
Letters from NSDL, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	0	0
Total	0	0

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. Arjun Makhecha
Associate Company Secretary
Subex Limited, RMZ Ecoworld, Outer Ring Road,
Devarabisanahalli, Bengaluru – 560 103, India.
Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333
Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the committees, financial results, shareholding pattern, distribution of shareholding, dividend etc.

A TRISYS PRODUCT
info@trisyscom.com

www.sapprints.com



SUBEX

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info@subex.com

INDIA

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Subex Middle East (FZE)

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Subex Americas Inc.

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Box. 918, Manotick, Ontario
Canada, K4M1A8

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