MAKING TOMORROW **SUSTAINABLE**

SUBEX LIMITED | ANNUAL REPORT 2017-18

CONTENTS

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The global telecommunications industry is developing dynamically; New technologies are making prevailing technologies obsolete with unprecedented speed.

In such an environment, successful organizations consistently innovate to stay ahead of the curve.

Subex has progressively differentiated its business model to emerge as a future-ready organization. The Company is leveraging its core competence in the telecom sector, gathering data from customers to create analytics-based products and solutions. The Company is also enlarging its presence in the attractive IoT security market niche.

At Subex, our efforts are mediated towards the achievement of overarching goal…

MAKING TOMORROW SUSTAINABLE

SIX THINGS YOU NEED TO KNOW ABOUT SUBEX

PEDIGREE

1

Subex is a trusted global telecom solutions provider for 75% of the world's top 50 telcos. Founded in 1992, Subex has been a part of the evolution of mobile technologies, playing the role of a consultant to global telecom carriers leading to their operational excellence and transformation.

LEADERSHIP

2

Subex is led by Mr. Vinod Kumar (MD & CEO) with a team of experienced professionals who have been around for a while and clearly understands the strengths, challenges, and opportunities of Subex. The company had 900+ employees as on 31st March 2018.

SCALE

3

Subex is headquartered in Bengaluru with global delivery centers in the US, the UK, the UAE, Singapore, and India. Subex has more than 300 installations at 200+ global telecom enterprises across 90+ countries.

PORTFOLIO

4

Subex has a diversified portfolio across segments and products, providing revenue assurance, fraud management, partner settlement, route Optimisation, capacity management, network asset management, analytics, IoT security, managed services and consulting & advisory services.

UNIQUE POSITION

5

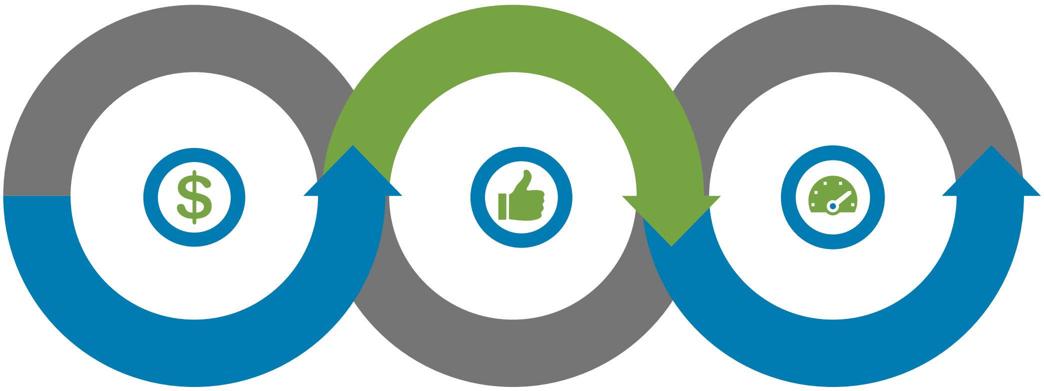
Subex provides telecom analytics services and telecom consulting and advisory services. The Company is uniquely positioned to serve as a business assurance consultant, having turned around the business viability of several telcos over the last quarter of a century.

STATE-OF-THE-ART-TECHNOLOGY

6

Subex has established a reputation for developing next-generation solutions in emerging business areas like advanced data analytics, business intelligence, business assurance and IoT.

VALUE PILLARS



Drive New Business Models
Pivot offerings around revenues, open new revenue streams in emerging business areas and allied services, leveraging the partner ecosystem.

Enhance Customer Experience
Retain existing customers and acquire new customers using analytics and leverage business insights to better understand customer behavior for deeper engagement.

Optimise Enterprise
Enable operational excellence by focusing on maximizing revenues and mitigating business risks, ensuring y-o-y cost savings that provide resources for business investments.

HIGHLIGHTS OF 2017-18

May 3rd 2017
Subex was awarded a new 5-year Framework Contract with British Telecom (BT)

May 29th 2017
Subex announced the launch of Subex 3.0. Also unveiled its new brand identity

May 31st 2017
Subex was awarded at the 2017 Pipeline Innovation Awards under 'Innovations in Managed Services' & 'Innovations in Security & Assurance' category

June 13th 2017
Subex and STC awarded the prestigious Global Telecoms Business Innovation Awards 2017 in the 'Enterprise Service Innovation' category

July 19th 2017
ElevenPaths, Telefonica Cybersecurity Unit and Subex signed a global framework agreement to provide a disruptive FMaaS solution

Quality statement

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

Listing

Subex is listed on the Bombay Stock Exchange (scrip code: 532348) and the National Stock Exchange (scrip code: Subex). The Company is also listed on the London Stock Exchange.

October 24^{th} 2017

Subex launched Consulting and Advisory Services for Telecom Business Assurance

February 19^{th} 2018

Pod Solutions and Subex partnered to provide advanced security for IoT Billing and Connectivity Service

February 26^{th} 2018

Subex announced Winner at the 8^{th} edition of Aegis Graham Bell Award in the Data Science Category

April 1^{st} 2018

Vinod Kumar appointed as CEO of Subex Limited

PRODUCTS

ROC Revenue Assurance

- Provides a comprehensive view of any enterprise by ensuring better visibility into risks surrounding operations, revenue and margins
- Incorporates an integrated risk assessment and process management framework to address revenue leakage as well as identify and recover lost revenues from diverse streams

ROC Fraud Management

- Combines a traditional rules engine, advanced machine learning capabilities and a scalable architecture to ensure the proactive detection of fraudulent activities on the network
- Ensures that the system can be easily integrated with the ecosystem by utilizing readily deployable interfaces

ROC Network Asset Management

- Provides a framework to audit network assets, evaluate inventory and make a business case for a network upgrade
- Offers an in-depth view of network assets and inventory to Optimise OpEx as well as CapEx
- Drives smarter network capital investment and network asset lifecycle management

ROC Capacity Management

- Provides proactive, actionable business intelligence to make appropriate investments in maximizing network capacity
- Gleans insights from network capacity trends
- Correlates end-to-end capacity issues stimulates congestion points due to external events,
- Forecasts lead time for capacity exhaustion scenarios

ROC Partner Settlement

- Ensures swift partner onboarding, partner self-care, end-to-end revenue visibility and seamless communication between business partners
- Offers a 360-degree view of interconnect agreements to help manage revenues and margins across the partner ecosystem
- Enables billing platform to introduce innovative product bundling and billing mechanisms for IP-based services

ROC Route Optimisation

- Covers end-to-end processes from dial code/destination operator rate imports to switch updates
- Enhances visibility and control of critical processes

ROC Insights

- Provides actionable business insights that are consumable and contextual to enable data-enriched decision-making
- Enables democratization of insights through the generation of consumable storyboards
- Offers agility by covering all areas of focus: Revenue, Risk, Customer and Product

Subex Secure

- Offers comprehensive IoT security from real-time discovery and monitoring to response and recovery
- Leverages a one-of-its-kind honeypot network that combines physical devices and device emulations to generate IoT/ICS signatures
- Evaluates identity and device breaches and updates the Subex Secure signature repository to safeguard the enterprise from emerging IoT threats

Dear shareholders,

It is my privilege to address Subex's shareholders for the first time since taking on the role of CEO and Managing Director of the Company.

The Financial Year 2017-18 (FY18) was a dramatic one marked by a number of challenges. The telecom BSS market, where we predominantly operate, reported flat growth and several countries in emerging markets encountered geopolitical and forex challenges. Even though our revenues were negatively impacted, we completed the year with an increase in contracted order bookings and improved operational profitability.

Our contracted new order booking increased by 15% over the previous year and we ended FY18 with revenues of $50.5Million, EBITDA of $7.9 Million and PAT of $3.2 Million. Creditably, we repaid our entire outstanding FCCB debt and reduced our working capital debt, which resulted in significant interest cost savings.

We also made significant progress to our products and solutions portfolio. To appreciate this, it is important to understand some key trends of our industry.

Voice revenues are declining: As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry, are giving way to internet messaging and VoIP (Voice Over Internet Protocol). This substantial reduction in voice and texting, along with a reduction in tariff have resulted in a decline of ARPU (Average Revenue Per User) and aggregate revenues for telcos.

15%

Increase in our contracted order booking over the previous year

As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry is giving way to internet messaging and VoIP (Voice Over Internet Protocol).

Massive telco consolidation: In the recent past, the communications industry has been marked by several mergers and acquisitions. Commoditization of legacy services and telcos' desire to monetize their data are driving telco consolidation. By consolidating, they intend to leverage synergies and operational efficiencies. We witnessed this in India when Vodafone India and Idea Cellular announced their merger.

5G moves from trial to production phase: Several operators are planning for a limited 5G launch in the near future. 5G technology is expected to bring about new digitized services in retail, manufacturing, precision engineering and health verticals.

Unlocking the IoT (Internet of Things): According to GSMA Intelligence, the number of global IoT connections could increase more than threefold and reach $25 Billion by 2025. The IoT security space promises tremendous growth and Gartner predicts the IoT security market could grow multi-fold to reach $3 Billion by 2021.

Artificial intelligence: Artificial Intelligence (AI) and Machine Learning (ML) is moulding the future and poised to unleash the next wave of digital disruption. Along with the adoption of technologies like virtualization, SDN-NFV, and orchestration, Artificial Intelligence will be key to business and digital transformation in telcos, driving an improved customer experience.

Increasing appetite for open standards: Major telcos have started experimenting with open source software and this trend is gaining traction as operators mimic the computing world and deepen their innovation focus. Further, Blockchain technology is reducing complexities in multi-party transactions, thereby moderating costs and enhancing digital competitiveness.

It is clear that telcos are transforming from being Communication Service Providers (CSP) to Digital Service Providers (DSP). In line with this, we took some significant steps last year to make Subex more relevant to our customers.

- We rebranded Subex as a digital transformation enabler around three value pillars: driving new business models, enhancing the customer experience and optimising operations.
- We incubated a multi-vertical IoT security solution that differentiates itself by having 30% more threat signatures than any other player.
- We improved the application of Artificial Intelligence (AI) and Machine Learning (ML) capabilities in our products to solve use cases hitherto unsolved in the industry.
- We engaged with a Tier 1 telco on Network Analytics and proactively evolved our solution capabilities to graduate us ahead of the curve.
- We concluded the restructuring of entities to attract strategic partners and talents into our relevant business areas.

It is abundantly clear that we need to break out from our current revenue level. Towards this, we plan to build on the strong foundation laid last year and aggressively pursue a growth strategy. The growth strategy will cover our core, new and emerging growth areas. We intend to perform well in our core areas and drive efficiencies that will help us invest in new growth areas. The near-term growth is expected from IoT Security and Network Analytics. We also plan to work on one or two new areas with the intention of bringing a new product to the market by the end of this year. During the course of this year, we expect to maintain our revenues from core areas, conclude ongoing trials around new areas and sign strategic partnerships. Considering that SaaS-based revenue models are prevalent in new areas, we expect revenues from new areas to kick in from the next year.

The current management team consists of Subexians who have been around for a while. They clearly understand our strengths, challenges and opportunities. We plan to add new talents and capabilities to our teams as and when new areas of growth are identified. The team is well aligned and confident to drive our strategy, leading the Company out of the past into a bright future that makes Subex vibrant again.

We are mindful of the fact that our FCCB resolution resulted in a significant equity dilution and pain to our investors. We are indeed thankful to our investors for their continued trust and patience. As elaborated above, we are committed to growing Subex and are optimistic that this strategy will enhance value and benefit our shareholders.

We look forward to your support during this crucial phase of our journey.

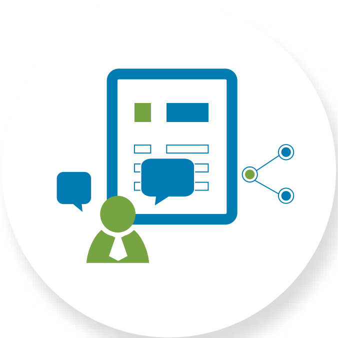
Vinod Kumar

Managing Director and CEO

A CONVERSATION WITH VINOD KUMAR

Revenue growth and a vibrant Subex will be our immediate focus areas. These two aspects feed on each other and one cannot exist without the other.

Vinod Kumar
MD & CEO



What are the emerging trends in the telecom space?

The telecommunication sector is going through enormous changes. With the global adoption of data and smartphones, legacy communication services like voice and texting that contributed to the bulk of telcos revenues are rapidly declining and over-the-top services like WhatsApp, Facebook and Twitter are rapidly growing. This is forcing telcos to look at new avenues of revenue growth, partnerships with OTT players and take extreme steps to reduce the cost of legacy operations.

On the network technology front, most of the telcos have completely migrated their network to 4G and LTE or are in the process of doing so. Some major ones have also started trialling 5G services. 5G will provide a 10-fold increase in speed of data transfer and should act as a catalyst for high bandwidth and low latency services like telemedicine and robotics.

Deployment of technologies like NFC, Virtualization and Artificial Intelligence, along with open source adoption, would be a major disruption in the telecom industry. These are being done to reduce time-to-market, decrease cost, enhance the customer experience and improve competitiveness. These primary disruptions could also result in a secondary disruption around the skills needed in the telecom industry and the workforce will also need to go through a transformation.

The widespread adoption of IoT by various industries is expected to increase the connectivity requirement; the telcos will slowly start seeing an increase in revenue from their IoT business.

As a partner providing software solutions to this industry, this is an interesting time with an urgent need to change with the shift that we are witnessing in the industry.

How is Subex placed to capitalize?

Currently, we serve over 150 operators in 90 countries with Subex solutions deeply embedded within their network. It is fair to say that a significant portion of the global telecom traffic flows through our platforms. This global presence and access to data are one of our major strengths.

We have constantly kept pace with emerging technologies and emerging needs of the market by proactively co-creating solutions with customers. We migrated our portfolio to support big data Hadoop stack and also embedded Artificial Intelligence and Machine Learning into our products. Further, we also invested in services capabilities to assist customers whenever required to extract the maximum value from our solutions. With all these, we possess a very good base to build on.

As we double down investments towards growing, we intend to make customers central to whatever we do. Rapid technology adoption by operators will create a new requirement in our core areas that we need to fulfill. We also identified some use cases like monetizing telecom data, digital identity and anomaly detection that offer significant benefits to our customers. We started working with a select few to prove these concepts. These are exciting areas and we hope to make a major impact.

Another area that I want to highlight is our multi-vertical IoT Security solution that we launched recently. Leveraging our strengths in the fraud and risk domain, we have created a robust solution that currently has 30% more threat signatures than any other player in the market.

What makes you optimistic about the role of IoT?

Internet of Things (IoT) is beginning to transform businesses, economies and society. While people build smart cities and businesses, it is also important that they remain safe cities and safe businesses. There is a growing acceptance of this need and IoT security is emerging as a key component in the overall IoT infrastructure. The global IoT security market is slated to witness tremendous growth and expected to reach about $1.5 Billion in 2018.

Seeing this need we worked for the last two years to create a multi-vertical IoT security solution called Subex Secure. We have an extensive honeypot network that enables us to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations. Subex Secure already protects over 8 Million IoT devices. The IoT Security Laboratory and various partnerships that we have signed will help us to secure a portion of the expected multi-fold increase in the IoT Security market.

We recently announced a collaboration with a large automobile Original Equipment Manufacturer (OEM) to provide cutting-edge security solutions to secure Connected Car Domains where Subex will provide vulnerability assessment, penetration testing and security modules incorporated in the OEM's new products. The connected car segment is extremely buoyant and likely to disrupt the automobile industry.

Our mission is to secure the digital world and here we are making good progress.

Were you pleased with the Company's performance in FY 2018?

FY18 was a an interesting year. With a bulk of the financial and Balance Sheet clean-up completed, we were able to start working towards growing the Company. Within the means available, we invested in our portfolio to make it relevant to the times and also launched the IoT security product.

From a financial standpoint, we managed things reasonably well. Amidst a flat market marked by geopolitical and forex issues, we increased our contracted new order booking by 15% over FY17. We ended FY 18 with a revenue of $50.5 Million, EBITDA for $7.9 Million and PAT of $3.2 Million. From the breakup of revenues, you will notice that the annuity stream that accounts for over 70% of the total revenue stabilized and, going forward, we expect it to continue the same trend. This was the result of a conscious effort to move towards managed services to mitigate the challenges of lumpiness of license sales and to bring predictability into revenue and margins. The license revenue will have variations based on the structure and when the contract bookings are done. In Q4 of FY17, we converted $3 Million revenue from the contracts booked in that quarter, whereas in Q4 of FY18 it was only $600K, even though the total contract bookings were higher. Even though on a year-to-year basis, the revenue showed a decrease, from an overall competitive and market share increase perspective, we did better.

What was the rationale behind the Subex restructuring?

As we expand into new areas outside our core products of revenue management, it is necessary to attract strategic partners and talents to grow these areas. However, the business models, valuations and many other aspects of these businesses are different. Hence it was difficult for us to get attention from the right partners. Hence a new structure with different LLPs were created and we hope this will address the issue.

> On IoT security, the market is expected to grow multifold and we are well positioned to secure a part of this market expansion. We hope to sign more strategic partnership contracts, one similar to what we announced with Pod Systems, during the course of this year.

What are the key focus areas for Subex?

Revenue growth and a vibrant Subex will be our immediate focus areas. These two aspects feed on each other and one cannot exist without the other. We have been stuck at the $50M level for a while and it is critical for us to break out and accelerate. Only then we would be able to report growth and prosperity, for all stakeholders. I intend to relentlessly drive the company's focus on these two aspects and pursue it with the required vigor to make them happen.

How does Subex intend to grow?

We foresee the growth of Subex from three horizons. Horizon 1 will focus on the short-term. The objective here is to perform better in our core business, which consists of fraud management, revenue assurance and interconnect billing solutions for the telecom segment. The advancements that we have made in these areas will allow us to compete better and attract a higher market share. We will continue to evolve our products and improve efficiency.

Horizon 2 will provide the near-term growth for the Company. We intend to execute well on our new portfolio, namely multi-vertical IoT security and the Network Asset Management (NAM) solution. Last year, we secured our first customer for NAM, a Tier 1 telco belonging to major telecom operator group and the project is near completion. The progress in terms of results has been encouraging, which we intend to promote aggressively. This should provide us with more mileage to showcase our NAM portfolio to other Tier 1 telcos, and we expect them to adopt this new way of handling assets.

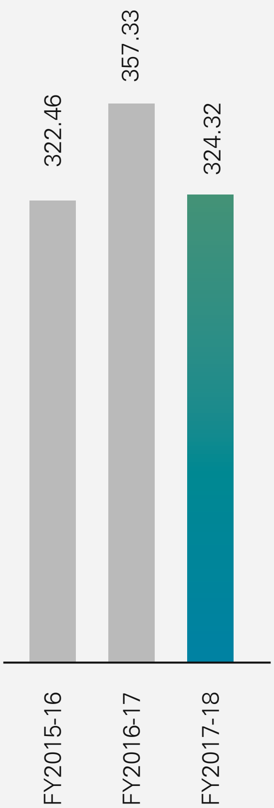
In the area of IoT security, the market is expected to grow multifold and we are positioned to secure a part of this market expansion. We hope to sign more strategic partnership contracts, one similar to what we announced with Pod Systems during the course of this year.

Horizon 3 consists of our long-term growth initiatives. We plan to launch our new portfolio of products and services around new high growth areas such as Customer Journey Analytics, Digital Identity, Anomaly Detection etc. We plan to launch one product during the latter part of this year and incubate a few more ideas for market release next year. We have access to a significant portion of the global telecom traffic and the attempt is to see how we can leverage this access, timing with the planned opening/ set up of digital infrastructure like the 'IndiaStack'. We are also planning to expand our assurance offerings to markets outside the telecom vertical.

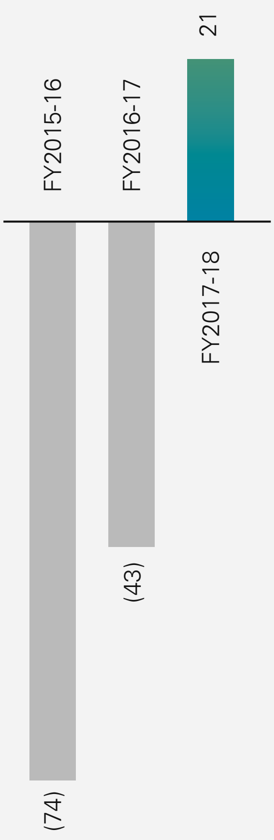
On the overall, we plan to invest actively in our mid-term and long-term growth areas starting this year.

OUR PERFORMANCE IN NUMBERS

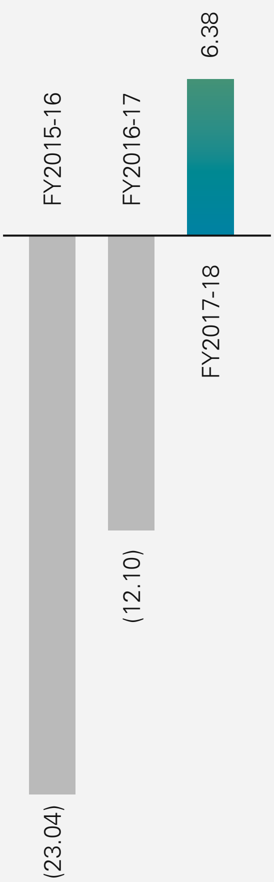
Revenues (₹ crore)



PAT (₹ crore)



PAT (%)



Message from Head of Strategy and Products

A CONVERSATION WITH ROHIT MAHESHWARI

The two key strengths of Subex comprise access to large amounts of data and an in-depth understanding of the telco business.

Rohit Maheshwari
Head of Strategy and Products

>15 Billion

We have worked with some of the largest telcos, who generate >15 Billion transactions per day.

Subex is agile, flexible and open-minded compatible with rapid changes across the landscape. Subex expects to continue empowering customers in responding with speed to technological shifts across the foreseeable future.

There has been a paradigm shift in the global telco business in the last few years.

From mere utility providers of voice and data services, our customers have transformed into digital service providers offering the complete spectrum of communication and digital services.

While digital services hold significant prospects, digital service providers are encountering stiff competition from OTT players. The verdict is clear: players can either invest in innovation or become irrelevant.

The result is that a larger number of CSPs are making bigger investments in network augmentation, especially in rolling out 5G. This has resulted in a pressure on BSS funding, a key area where Subex operates.

However, our experience indicates that following the launch of any new technology or allied infrastructure creation, there could be a need to re-invest in business support systems comprising revenue assurance, fraud management and partner settlements, among others. In view of this, we are confident that our legacy business will rebound even as they were relatively flat during the year under review.

Building a sustainable future

At Subex, we divide prospects across the near-term, mid-term and long-term – the 'three horizon outlook'.

The most proximate horizon comprises fraud management, revenue assurance and interconnect billing solutions in the telecom segment. We are geared to perform well in this area following investments in skill building, big data platform creation and AI cum machine learning investments. We expect to sustain product evolution and solutions efficiency enhancement to address customer requirements and stabilize related revenues.

Our second horizon comprises new areas we nurtured in the last few years. We expended significant resources in shoring capabilities across IoT security, network analytics and telecom asset lifecycle management (ALM) solutions. We expect to sustain business through the short-term and accelerate during the mid-term.

I am pleased to communicate that in FY18, we secured our first ALM customer, a Tier I telco from a major telecom operator group and this project is expected to be completed by end 2018. The initial results are encouraging and we expect the execution to be successful, helping attract other Tier 1 telcos.

In the area of IoT security solutions, the market is expected to grow 15-fold to US$1.5 Billion (Source: Gartner) by 2020. Subex is attractively positioned to secure a part of this market growth. We intend to sign strategic partnership contracts, one being similar to what we announced with Pod Systems during the course of the year under review.

The predominant revenue model for IoT security solutions would be subscription-based - different from the conventional model. In any subscription model, revenue accretion will be slow during the initial period but could ramp up with speed following increases IoT adoption. We expect new portfolios to account for an attractive part of the newly contracted business with significant revenues likely from FY20 onwards.

The third or the long-term horizon comprises high-growth business areas. Subex's engagement with telcos provides access to large amounts of data. The Company will examine ways in which it can monetize this access in line with growing digitalization the world over.

Subex is respected in the end-to-end business assurance telco segment. Since adjacent markets, where assurance is equally relevant, are not as evolved, we intend to repurpose our assurance skills for these markets outside the telecom segment. Our proven expertise will provide us the with the fuel we need to pursue mid-term and long-term goals.

The Subex edge

The two key strengths of Subex comprise access to large amounts of data and an in-depth understanding of the telco business.

We have worked with some of the largest telcos, who generate >15 Billion transactions per day. These transactions represent data repositories that can be mined to generate useful information. We invested in best-in-class platforms to leverage big data; we scaled the business to stay ahead.

Subex is agile, flexible and open-minded compatible with rapid changes across the landscape. Subex expects to continue empowering customers in responding with speed to technological shifts across the foreseeable future.

A transforming Subex

To sustain our growth engine, we will need to keep innovating while venturing into new areas. In view of this, we started focusing on strengthening our skills, which could help us transform our revenue profiles and enter the ever-expanding IoT segment.

At the 2018 Mobile World Congress in Barcelona where I was present, there was a broad consensus that 2018 would be a defining year for IoT. We expect that our head start should translate into a growing presence in this niche. Artificial Intelligence (AI) has emerged as the next big thing; many great ideas in AI that had been languishing in textbooks for decades, because of a lack of computational power to apply them, have gained fruition, thanks to two big changes. One, the rate at which data is being collated has increased exponentially. Two, the arrival of groundbreaking technologies, such as neural nets, have allowed AI to 'evolve' to solve complex problems.

AI analytics will help us transform our existing businesses and allow us to offer new-age solutions that are customer-centric and in heavy demand. In view of these reasons and realities, we are confident of replicating our retrospective growth across a more compressed period of time.

Message from Head of IoT Security

A CONVERSATION WITH KIRAN ZACHARIAH

By 2020, IoT is expected to aggregate 20 to 50 Billion devices, growing exponentially from ~6.4 Billion devices in 2016.

Kiran Zachariah
Head of IoT Security

US$1.5 Billion

In the area of IoT security solutions, the market is expected to grow 15-fold to US$1.5 Billion (source: Gartner) by 2020.

The new global connectivity wave is extending beyond laptops and smartphones. This wave is extending towards connected cars, smart homes, connected wearables, Smart Cities and connected healthcare - a connected life.

Over the past few years, there has been extensive discussion around the IoT impact across the world. Although little has transpired in reality, the prospects remain compelling. During the year under review, we spent the first three quarters planning and designing IoT projects; during the last quarter, we implemented them. Most of these projects comprised cost Optimisation while other projects focused on equipment downtime reduction and minimized manual interventions in the areas of monitoring and predictive maintenance.

Over the next couple of years, we plan to focus on industrial IoT and automated cars - two rapidly growing segments. The automotive IoT market is projected to reach US$ 82.79 Billion by 2022. By 2020, an estimated 250 Million connected vehicles would be on roads, enhancing security and hacking concerns.

The development of Smart Cities and Smart Nations are at a pilot stage and we are adapting our business model around changes in the IoT realm.

Building a sustainable future

At Subex, we selected to develop inch-wide and mile-deep competence. Our selection of the IoT security area was on the grounds that it was niche and relatively under-populated by specialized players. Besides, IoT security is different from the security solutions that runs on conventional IT hardware. A normal security solution is difficult to run on the connected devices that are part of the IoT ecosystem.

The large cyber-attacks on IoT devices have vindicated our presence in this space. We are now monitoring over 8 Million devices worldwide. What makes Subex different is its focus on building threat intelligence through IoT and ICS and using that threat intelligence to mitigate risks. Although IoT attacks can target individual components, when they are connected to the entire IT network, they can affect the entire infrastructure.

Subex offers solutions for the entire IoT ecosystem. We use signatures from honeypots and machine learning to determine if the device has been compromised. The result: our threat responsiveness is 25-35% more effective than competing alternatives.

The Subex edge is derived from its first-mover advantage. The Company has focused singularly on the telecom sector and now the time has come to venture into areas like Defense and education.

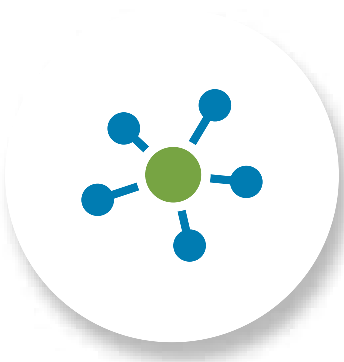
Subex is transforming with speed

By 2020, IoT is expected to aggregate 20 to 50 Billion devices, growing exponentially from ~6.4 Billion devices in 2016.

IoT providers will need to address the increasing stress on their existing infrastructure and factor this growth while designing ecosystems. Subex Secure is built around a framework that monitors 500 Million devices and 6 Billion transactions a day on commodity hardware via 300 global installations. This telco-grade solution has been developed using telecom innovations from across the last two decades. The framework, deployed at some of the largest telcos, is constantly modified to address escalating network traffic while reducing the total cost of ownership.

Looking ahead, we would like to triple the number of devices we monitor across four years as we carve out a large slice of the segment. We are continuing to lay a keen emphasis on catering to telco customers who are a part of the IoT; we are planning to launch Cloud or SaaS-based models.

It is the convergence of these realities that makes me optimistic of the Company's long-term prospects.



Subex Secure is built around a frame-work that monitors 500 Million devices and 6 Billion transactions a day on commodity hardware via 300 global installations.

MAKING TOMORROW SUSTAINABLE

Making our presence felt in the niche IoT security space

IoT provides always-connected services to digital subscribers.

IoT ecosystems are complex; a typical deployment comprises multiple systems (platforms, databases, mobile apps, load balancers, web interfaces and certificate servers, among others).

Since IoT exposes subscribers to identity theft and security breach, an effective IoT security solution can potentially secure components while comprehending traffic flows across OSI layers (three to seven).

Subex provides holistic cyber security solutions that protect enterprises, among the first few companies to provide solutions against unauthorized intrusion.

The market is large and growing. The number of global IoT devices could quintuple between 2016 and 2020. The market could grow to US$ 29.02 Billion by 2020.

Subex Secure offers comprehensive IoT security coverage from real-time discovery and monitoring to response and recovery. This solution leverages a one-of-its-kind honeypot network that combines physical devices and device emulations to generate IoT/ICS signatures. The system evaluates global identity and device breaches, updating the Subex Secure signature repository to safeguard enterprises from emerging IoT threats.

Subex has an extensive honeypot network that enables the Company to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations.

By transforming the existing assurance business

As digital technologies disrupt traditional internet service providers and telcos, revenues are shrinking for legacy carriers.

IP-based disruptors are eroding traditionally profitable revenue streams (overseas calls), affecting telco growth.

The adoption of new technologies entails revenue-related risks. For instance, in the billing domain, diverse data plans enable subscribers to indulge in an all-you-can-eat buffet of gigabytes for a flat rate, while other subscribers can cherry-pick plans that suit their needs.

The art of revenue management has been made complex by the addition of virtualized networks, streaming services, onboarding of new subscribers, renewal of subscriptions and termination of subscriptions.

Although telcos provisionally moderately their budgets to prepare for 5G, this could re-emerge as a focus area.

Subex is globally respected for its strong solutions suite that provides real-time assurance to CSPs. The Company is poised to capitalize on the next wave of sectoral investments; its ability to mine data, garner actionable information and create customized solutions are expected to help Subex emerge as the port-of-first-call for global telcos on the one hand and widen revenue streams on the other.

Subex making its future sustainable through continuously strengthening its existing businesses and also through venturing into the the high-growth IoT security space through offering cutting-edge solutions.

SUBEX - BECOMING FUTURE-READY...

Reputed
Over the past 25 years, Subex has made 300+ global installations; its clients comprise >75% of the top-50 global CSPs, reinforcing its position as one of the most respected names in the telecommunication and IoT spaces.

Integrated
Subex processes several petabytes of data every day. This data is mined through advanced analytical tools that salvage actionable information and offer customized solutions.

Balanced
Subex enjoys an adjusted mix of revenue streams (license-based and subscription-based, among others).

Focused
Subex helps clients address sectoral challenges, open up new revenue streams, enable operational excellence and enhance their customer experience.

Differentiated
Subex has selected to work in niche and relatively under-crowded segments; the foray into the IoT security segment is a manifestation of this approach.

People-oriented
Subex is driven by 900+ people working globally to drive innovation and product development.

Foresight
Subex has an extensive honeypot network that enables the Company to proactively capture threat signatures that are subsequently packaged and deployed to protect IoT installations.

Futuristic
Subex is leveraging new-age technologies like Artificial Intelligence (AI) and Machine Learning (ML) to stay relevant in the evolving industry space.

SUBEX -
MAKING A DIFFERENCE TOGETHER

The Subex Charitable Trust is a non-profit trust that mobilizes employee participation in community projects. SCT supports causes of community welfare, specifically for the economically backward and specially-abled individuals. The Trust supports initiatives based on requests received from diverse sources.

ACTIVITIES UNDERTAKEN DURING 2017-18

- Education aid: The Subex Charitable Trust sponsored 40 economically-challenged students from rural areas with scholarships through the Nurture Merit program.

- Education aid: The Company sponsored tuition fees for the Vidyaranya Trust Orphanage.

- Vocation Training for Women empowerment: SCT tied up with the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls, Sponsoring their tuition fees. As part of this program, 25 blind and disabled girls were provided training in 3 phases – Basic Education, Vocational Training & Employment follow-up. Out of the 25, 22 blind/disabled Girls were successful in attaining jobs in different factories – textile industry, packaging industry, printing and others.

- Received Nurture Merit contribution from 33 Subexians and more than 20 Subexians are contributing a monthly amount from their salary for SCT activities.

- Other activities:

• Organized blood and stem cell donation camp with TTK Bank.

• Visited Bellandur Government School and Government School, Kadubisanahalli for checking their requirements.

• Provided 10 desktop computers to Government Higher Secondary School for education purposes. Provided a water cooler for providing clean drinking water to the students.

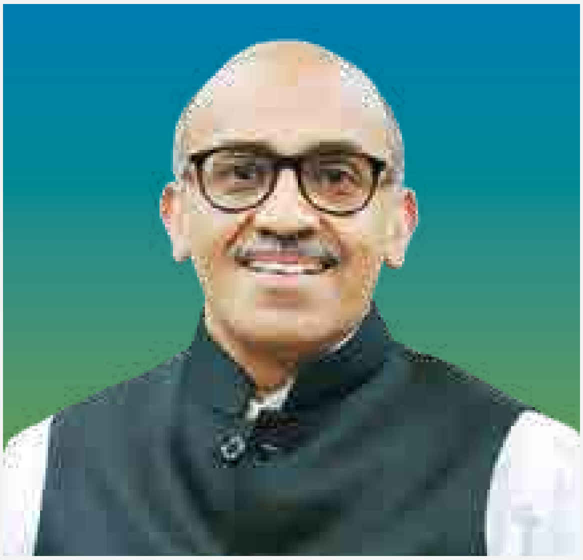
• Donated clothes and toys for economically challenged children through Goonj with the help of Subexian volunteers.

• Vidyaranya Trust Orphanage - SCT volunteers spent time with children and donated back packs and water sippers to children.

• Opportunity School for mentally challenged: SCT volunteers visited and spent time with mentally challenged children and donated back packs and water sippers.

• Donated cots and mattresses to Shishu Mandir, a home for destitute children.

BOARD OF DIRECTORS



Mr. Anil Singhvi
Chairman and Independent Director

Mr. Vinod Kumar
Managing Director and Chief Executive Officer

Ms. Poornima Prabhu
Independent Director

Ms. Nisha Dutt
Independent Director

LEADERSHIP TEAM

Mr. Vinod Kumar
Managing Director and Chief Executive Officer

Mr. Rohit Maheshwari
Head of Strategy & Products

Mr. Suraj Balachandran
Head of Sales – EMEA & APAC

Mr. Mark Bourgoin
Vice President Sales - North America

Mr. Kiran Zachariah
Head of IoT Security

Ms. Mehernaz Dalal
Chief Financial Officer

Mr. Mohan Sitharam
Chief Human Resources Officer

Mr. David Halvorson
General Counsel

Boards' Report

Your Directors have pleasure in presenting the 24th Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2018.

1. FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Consolidated		Standalone*	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	32,432	35,733	17,993	32,441
Share of profit/(loss) net	-	-	37	-
Other Income	140	1,154	66	1,253
Finance Cost	775	2,040	547	1,505
Profit/ (loss) before exceptional items and tax expense	2,275	7,528	(200)	4,162
Exceptional Items	1,166	(10,890)	389	(4,591)
Profit/ (loss) before tax	3,441	(3,362)	189	(429)
Tax expenses	1,373	961	157	254
Profit/ (loss) after tax	2,068	(4,323)	32	(683)
Other comprehensive income	(240)	(1,376)	(8)	(33)
i. to be reclassified to profit or loss in subsequent periods	(210)	(1,344)	-	-
ii. not to be reclassified to profit or loss in subsequent periods	(30)	(32)	(8)	(33)
Total comprehensive income for the year	1,828	(5,699)	24	(716)

*Pursuant to the restructuring, the current year's standalone figures are not comparable to the previous year's standalone figures. (Also refer note 31 of the standalone financial statements).

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2018, the total revenue on a standalone basis was ₹17,993 Lakhs as against the revenue for the previous year which was ₹32,441 Lakhs. The Company has during the year under review earned a profit of ₹32 Lakhs as against a loss of ₹683 Lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹32,432 Lakhs as against ₹35,733 Lakhs during the previous year. The profit for the financial year 2017-18 is ₹2,068 Lakhs as against loss of ₹4,323 Lakhs in the previous year.

3. DIVIDEND

The Directors have not proposed any dividend for the financial year 2017-18.

4. TRANFER TO RESERVES

There is no transfer to general reserves during the year 2017-18.

Pursuant to restructuring, the difference between net assets transferred and the capital contribution of ₹2,776 Lakhs has been transferred to Capital reserve. Also refer note 31 of the standalone financial statements.

5. SHARE CAPITAL

As at March 31, 2018 and as at the date of this report, the authorised, issued, subscribed and paid- up capital of the Company is as below:

(Amount in ₹)

Share Capital	As on April 01, 2017	Increase during the year	As on March 31, 2018
Authorised			
At the beginning of the year–			
Equity Shares @ ₹10 each	5,450,400,000	430,000,000	5,880,400,000
Preference Shares @ ₹98 each	19,600,000	Nil	19,600,000
Issued			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990#	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil
Subscribed			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil
Fully Paid- up			
Equity Shares @ ₹10 each	5,069,079,360	550,949,990	5,620,029,350
Preference Shares @ ₹98 each	Nil	Nil	Nil

On May 15, 2017, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹14 per equity share (Face value of ₹10 per equity share). (The proceeds of the equity shares issued on preferential basis, has been utilized for the acquisition of Intellectual Property Rights viz. DIM from Subex Americas Inc. and to strengthen the long term capital structure of the Company.)

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

6. BUSINESS

Subex is a leading telecom analytics solutions provider, enabling a digital future for global telcos. Founded in 1994, Subex has spent over two decades in enabling 3/4th of the largest 50 Communication Service Providers (CSPs) globally achieve competitive advantage. By leveraging data which is gathered across networks, customers and systems coupled with its domain knowledge and the capabilities of its core solutions, Subex helps CSPs to drive new business models, enhance customer experience and optimise enterprises. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Asset Assurance and Partner Management **"Revenue Management Services/RMS business"** and complements them through its newer solutions such as IoT Security **"Digital Business"**. Subex also offers scalable Managed Services and Business Consulting services. It has more than 300 installations across 90+ countries.

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

• Aegis Graham Bell Award 2017 for Innovation in ROC Insights under "Data Science" Category

• Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company

• Pipeline Innovation Awards under "Managed Services" category & "Innovations in Security & Assurance"

As part of the business restructuring efforts of the Company, the Company invested in two Limited Liability Partnership (LLP) entities. Pursuant to this, two LLPs- Subex Digital LLP and Subex Assurance LLP were incorporated on April 05, 2017. Pursuant to: (i) the in-principle approval accorded by the Board of Directors of the Company ("Board") at its meeting No. 2/2017-18 held on May 25, 2017; (ii) the final approval accorded by the Board at its meeting No. 5/ 2017-18 held on August 21, 2017; and (iii) the approval accorded by the members of the Company vide postal ballot on September 23, 2017;

(i) The Revenue Maximization Solutions and related businesses carried out by the Company, was contributed to its subsidiary, Subex Assurance LLP for a consideration of ₹615,64,56,051/- (Rupees Six Hundred Fifteen Crores, Sixty Four Lakhs, Fifty Six thousand and Fifty one only), in the form of credit to the Company's capital account with Subex Assurance LLP

(ii) The Subex Secure and Analytics solutions and related businesses carried out by the Company, was contributed to its subsidiary, Subex Digital LLP for a consideration of ₹18,68,84,750/- (Rupees Eighteen Crores, Sixty Eight Lakhs, Eighty Four Thousand, Seven Hundred and Fifty only), in the form of credit to the Company's capital account with Subex Digital LLP.

The purpose of the Restructuring was to achieve the following commercial reasons, *inter alia:*

(i) Segregate the Company's business into separate verticals, facilitating greater focus on each business vertical and higher operational efficiencies;

(ii) enhance the ability of the Company to enter into business specific partnerships and to attract strategic investors at respective business levels;

(iii) improve organizational capabilities, arising from the segregation of human capital and focus the diverse skills, talent and experience in specialized fields to compete successfully in an increasingly competitive industry;

(iv) de-risk various business verticals from each other; and

(v) enhance value for the shareholders of the Company.

The Board at its meeting held on October 04, 2017, approved November 01, 2017 as the effective date for the restructuring of the business of the Company.

SEZ I and II

The Company transferred SEZ units I & II to its subsidiary, Subex Assurance LLP, with effect from November 01, 2017 i.e. the effective date of the business Restructuring.

SEZ III

During the year the Company completed all its statutory formalities / compliances under SEZ Act/Rules in respect of this new unit and commenced operations from this unit.

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

7. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2018, Subex Assurance LLP earned a net income of ₹12,818 Lakhs and a net profit of ₹635 Lakhs.

As at March 31, 2018, Subex Limited held more than 99.99 % of the capital in Subex Assurance LLP and the balance is held by Subex Digital LLP.

Pursuant to the business restructuring of the Company, Subex (UK) Limited became a wholly owned subsidiary of Subex Assurance LLP with effect from November 01, 2017.

- For the year ended March 31, 2018, the Standalone income of Subex (UK) Limited was ₹16,398 Lakhs as against ₹17,619 Lakhs last year, and the net loss was ₹5,308 Lakhs as against a net gain of ₹1,859 Lakhs last year.
- Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2018, the Standalone income of Subex (Asia Pacific) Pte. Limited was ₹2,992 Lakhs as against ₹2,555 Lakhs last year, and the net loss was ₹655 Lakhs as against a net gain of ₹892 Lakhs last year. During the year Subex (Asia Pacific) Pte. Ltd issued 8 million shares at SG$1 per share to its holding Company Subex (UK) Limited to meet its fund requirements.
- Subex Inc.is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2018, the Standalone income of Subex Inc. was ₹9,353 Lakhs as against ₹10,694 Lakhs last year, and the net gain was ₹86 Lakhs as against a net gain of ₹117 Lakhs last year.
- Pursuant to the business restructuring of the Company, Subex Middle East (FZE) became a wholly owned subsidiary of Subex Assurance LLP with effect from November 01, 2017. For the year ended March 31, 2018, the standalone income of Subex Middle East (FZE) is ₹1,132 Lakhs as against ₹1,706 Lakhs last year and loss of ₹14 Lakhs as against a gain of ₹35 lakhs last year.

SUBEX DIGITAL LLP

For the year ended March 31, 2018, Subex Digital LLP earned a net income of ₹33 Lakhs and incurred a net loss of ₹598 Lakhs.

As at March 31, 2018 Subex Limited held more than 99.99 % of the capital in Subex Digital LLP and the balance is held by Subex Assurance LLP.

SUBEX TECHNOLOGIES LIMITED

Subex Technologies Limited is a wholly owned subsidiary of Subex Limited. For the year ended March 31, 2018, Subex Technologies Limited incurred a net loss of ₹4 Lakhs as against a net profit of ₹54 Lakhs last year. There are no business operations at present.

SUBEX AMERICAS INC.

For the year ended March 31, 2018, the standalone income of Subex Americas Inc. was ₹851 Lakhs as against ₹3,186 Lakhs last year, and net profit was ₹6,264 Lakhs as against a profit of ₹3,012 Lakhs last year.

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

As on March 31, 2018, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc. and Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.

8. FINANCE

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB's)

The details of the FCCB's of the Company are summarized below :

(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 March 08, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on November 02, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance March 31, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on July 06, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity up to March 31, 2016	-	-	(86.85)
Balance as on March 31, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on March 06, 2017	(1.00)	(1.40)	-
Balance as on March 31, 2017	-	-	3.60
Redemption on July 07, 2017	-	-	(3.60)
Balance as on March 31, 2018	Nil	Nil	Nil

As on March 31, 2018, the Company did not have any outstanding FCCB's.

9. DEPOSITS

Your Company has not accepted any deposits from the public.

10. EMPLOYEE STOCK OPTION SCHEMES

Details of the Company's Employee Stock Option Plans are given below:

a. EMPLOYEE STOCK OPTION PLAN-2005 (ESOP-III)

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

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

The tenure for grant of stock options under ESOP 2005 scheme has expired in 2015 and the Company is only administering the outstanding stock options issued under the scheme.

b. EMPLOYEE STOCK OPTION PLAN-2008 (ESOP-IV)

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

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

As on March 31, 2018, there are no outstanding options under the ESOP 2008 Scheme.

Additional information regarding the employee stock options as at March 31, 2018 is given in **"Annexure A"** to this report.

11. PARTICULARS OF GUARANTEES UNDER SECTION 186

Details of guarantees covered under Section 186 of the Companies Act 2013, are given in note number 35 (b) (iv) of the Standalone Financial Statements.

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

Mr. Ashwin Chalapathy, Non-Independent, Non-Executive Director, resigned from the Board with effect from May 04, 2018.

13. CORPORATE GOVERNANCE

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

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

14. DIRECTORS

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

The Board at its meeting held on May 25, 2017 appointed Mr. Anil Singhvi, Independent Director, as the Chairman of the Company.

Mr. Vinod Kumar Padmanabhan, Chief Operating Officer of the Company and Mr. Ashwin Chalapathy, Chief Technology Officer and Head of Service Delivery of the Company were appointed as Additional Directors and Whole-Time Directors at the same meeting. The shareholders approved the appointments of Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy, at the 23rd Annual General Meeting of the Company held on July 28, 2017.

Pursuant to the restructuring of the business of the Company, the Revenue Maximisation Solutions business was contributed to Subex Assurance LLP and the Subex Secure and Analytics solutions and related businesses was contributed to Subex Digital LLP. Consequent to such business restructuring Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed in Subex Assurance LLP and they continued as Non- Executive and Non-Independent Directors on the Board of the Company with effect from November 01, 2017, being the effective date of such business restructuring.

Mr. Surjeet Singh was re-appointed as the Managing Director & CEO of the Company at the Board Meeting held on October 04, 2017 for the period from October 05, 2017 to March 31, 2018. The said re-appointment is being placed before the Members of the Company at the ensuing Annual General Meeting for their approval.

The Board at its meeting held on March 21, 2018, took note, that pursuant to the terms of the employment agreement of Mr. Surjeet Singh with the Company, his tenure as Managing Director & CEO of the Company concluded on March 31, 2018.

In view of the conclusion of tenure of Mr. Surjeet Singh as the Managing Director & CEO of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on March 21, 2018, appointed Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company effective from April 01, 2018, for a tenure of three years. The said appointment is being placed before the Members of the Company at the ensuing Annual General Meeting for their approval.

Mr. Ashwin Chalapathy, Non-Independent, Non-Executive Director, resigned from the Board with effect from May 04, 2018.

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

15. BOARD MEETINGS

During the year, 10 Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015. The Board meeting number and the dates on which the meetings were held are as follows:

Board Meeting Number	Date of Meeting
1/2017-18	May 25, 2017
2/2017-18	May 25, 2017
3/2017-18	June 05, 2017
4/2017-18	July 28, 2017
5/2017-18	August 21, 2017
6/2017-18	October 04, 2017
7/2017-18	November 10, 2017
8/2017-18	December 21, 2017
9/2017-18	January 29, 2018
10/2017-18	March 21, 2018

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

16. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI (LODR) Regulations, 2015, the Board at its meeting held on January 29, 2018 carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

17. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

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

18. AUDIT COMMITTEE

As on March 31, 2018, the Audit Committee had 4 Directors as its members viz. Mr. Anil Singhvi, Chairman, Ms. Nisha Dutt, Independent Director, Ms. Poornima Prabhu, Independent Director and Mr. Surjeet Singh, Managing Director & CEO. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the provisions of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

Mr. Surjeet Singh ceased to be the member of the Audit Committee as on March 31, 2018. Mr. Vinod Kumar Padmanabhan has been appointed as a member of the Committee with effect from April 01, 2018.

19. AUDITORS

STATUTORY AUDITORS

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

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith in "Annexure C".

The Secretarial Auditors have in their report for the financial year 2017-18 mentioned that while the Company has appointed an Acting Company Secretary, the same does not comply with the provisions of Section 203 (4) of the Companies Act, 2013 wherein the Company is required to appoint a Company Secretary as whole time Key Managerial Person. The Board have noted the same and takes this opportunity to assure the Members and other stakeholders of the Company that it is looking out for a suitable candidate for the position of Company Secretary and till such time Mr. Arjun Makhecha, a member of the Institute of Company Secretaries of India would continue as the Acting Company Secretary of the Company.

20. PARTICULARS OF EMPLOYEES

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

21. CONSERVATION OF ENERGY

Your Company is committed to the continual development of its products in a sustained environment, helping its customers to operate their businesses more efficiently and enabling them to reduce their use of scarce resources and minimize waste.

As a software product Company, the impact that Subex has on the environment from its own operations is relatively low when compared to companies in other industries. However, Subex recognizes that it still has a role to play in reducing the impact that global business has on the environment. Subex is committed and targets towards following the best practices to reduce utilization of power, natural resources like water and limited E-Waste disposal, executed through government recognized agencies. Though Subex does not fall under the category of manufacturing products and services impacting the environment, we implement few of the best practices with minimal investments through a five-year plan - agreement with an industry stalwart having expertise in energy conservation. This investment thereby results in monetary benefits / savings month on month, helping us recover the invested amount in few months, ensuing continued savings through this initiative.

Suppliers delivering the products to Subex with regard to lighting, diesel generators etc, abide by the guidelines laid out by the government.

Subex aims to reduce its impact on the environment by:

i. Monitoring the level of water and energy used along with the waste produced.

ii. Targeting a reduction in the use of water and energy reduction in waste along with an increase in amount of waste that is recycled/ reused etc.

iii. Increasing the awareness on environment safety and engagement of employees.

iv. Adopting sustainable practices designed to ensure the health and safety of Subex's employees, stakeholders and the environment.

v. Operating its business in compliance of environmental laws and regulations.

22. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Your Company has a strong Research & Development Division responsible for developing technologies for its products in the telecom domain. The telecommunications domain, in which your Company operates, is subject to rapid technological changes, introduction of new services and intense competition. Your Company has developed inherent skills to keep pace with these changes. Since software products are the significant line of business of your Company, the Company incurs expenditure on product related Research & Development on a continuous basis. These expenses are charged to revenue under the respective heads and are not segregated and accounted separately.

23. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During the year 2017-18 total foreign exchange earnings and expenditure is as follows:

i) Foreign Exchange earnings ₹16,240 Lakhs (Previous Year ₹29,930 Lakhs)

ii) Foreign Exchange expenditure ₹9,592 Lakhs (Previous Year ₹18,231 Lakhs)

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

24. CORPORATE SOCIAL RESPONSIBILITY

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

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

Mr. Surjeet Singh ceased to be the member of the Committee as on March 31, 2018.

Mr. Vinod Kumar Padmanabhan has been appointed as a member of the Committee with effect from April 01, 2018.

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

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for the education of economically challenged meritorious students as part of the Nurture Merit Programme, conducted blood and stem donation camps, donated clothes and other essentials to Government schools. SCT has tied up with the Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls. As part of this program, 25 blind and disabled girls were provided vocational training and employment and 22 of them have been successfully attained jobs across various industries. A gist of activities undertaken by the Trust has been provided as a separate section in this Annual Report in **"Annexure I"**

25. IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

26. HUMAN RESOURCE MANAGEMENT

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

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

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

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

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

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards information security including the privacy aspects of customer data where applicable. Focused effort on data privacy, align with customer's strategy towards compliance to Global Data Privacy Regulations (GDPR). Information security practices is the base to implement privacy, organization and technological measures in terms of physical and logical access controls are built in to the system. Awareness to employees on the work environment and best practices are imparted through trainings periodically.

28. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link https://www.subex.com/shareholder-services/. There were no complaints during the year 2017-18.

29. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

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

During the financial year under review, the Company has received one complaint of sexual harassment from a women employee of the Company. The matter was considered and resolved within the timelines stipulated under the said Act.

30. DECLARATION FROM INDEPENDENT DIRECTORS

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

31. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Further, none of the Directors had any pecuniary relationships of transactions vis-à-vis the Company.

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

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

The Policy on Related party transactions as approved by the Board is uploaded on the Company's website under the link https://www.subex.com/shareholder-services/

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

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

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

33. EXTRACT OF ANNUAL RETURN

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

34. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2017-18 to the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE') where the Company's shares are listed.

35. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures;

b) That the accounting policies have been selected and applied consistently and it has made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.;

d) That the accounts for the year ended March 31, 2018 have been prepared on a going concern basis;

e) That internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively.

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

36. APPRECIATION/ACKNOWLEDGEMENTS

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

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

For **Subex Limited**

Vinod Kumar Padmanabhan	**Anil Singhvi**
Managing Director & CEO	Chairman & Independent Director
DIN 06563872	DIN 00239589

Place: Bengaluru, India
Date: May 04, 2018

Annexure A

Additional Information as at March 31, 2018 as per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Sl.No	Particulars	ESOP 2005	ESOP 2008
1.	Net options granted as on March 31, 2018	36,494	-
	Options granted during the year	-	-
2.	Pricing formula	As mentioned earlier in the report	As mentioned earlier in the report
3.	Options vested but not exercised as on March 31, 2018	24,055	-
4.	Options exercised as on March 31, 2018	12,439	-
	Options exercised during the year	-	-
	Exercise Price	-	-
5.	Money realized by exercise of options during the year	-	-
6.	The total number of shares arising as a result of exercise of options during the year ended March 31, 2018	-	-
7.	Options lapsed/cancelled/ surrendered as on March 31, 2018	58,02,424	23,33,537
	Options lapsed/cancelled/ surrendered during the year	68,313	28,301
8.	Variation of terms of options	None	None
9.	No. of employees covered	87	-
10.	Employee wise details of options granted during the year under review to: (i) Key managerial personnel	-	-
	(i) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	-
	(i) identified employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-	-
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share'	0.01	0.01
12.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company is:	-	-
13.	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. (As per note 36 of the Standalone financials)	₹18.24	₹28.44
14.	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	N. A.	N. A.
	i. risk-free interest rate	-	
	ii. expected life	-	-
	iii. expected volatility	-	-
	iv. expected dividends	-	-

For **Subex Limited**

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Anil Singhvi
Chairman & Independent Director
DIN 00239589

Place: Bengaluru, India
Date: May 04, 2018

Annexure B

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

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

For **BMP & Co. LLP, Company Secretaries**

Pramod S M
Partner
FCS 7834 / CP No. 13784

Place: Bengaluru
Date: May 04, 2018

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2018

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

To,
The Members,
SUBEX LIMITED

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2018 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

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

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not Applicable to the Company during the Audit Period);

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);

   i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi) Other Laws Applicable Specifically to the Company namely:

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

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

(c) Copy Right Act, 1957

(d) The Patents Act, 1970

(e) The Trade Marks Act, 1999

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

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

b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except *that provisions of section 203 of the Companies Act, 2013 has not been complied (the Company has a Company secretary who has been appointed as an acting CS but not as a Key Managerial Personnel).*

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

WE FURTHER REPORT THAT:

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

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

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

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

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

For V SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)

Partner

FCS 7260 / CP No. 7835

Place: Bengaluru

Date: May 03, 2018

Annexure D

PARTICULARS OF EMPLOYEES

Particulars	Mr. Vinod Kumar Padmanabhan	Mr. Ashwin Chalapathy	Mr. Ganesh K. V.
Designation of the employee	1. Whole-Time Director & Chief Operating Officer (May 25, 2017-October 31, 2017) 2. Non-Executive, Non-Independent Director (November 01, 2017-March 31, 2018) 3. Managing Director & CEO with effect from April 01, 2018	1. Whole-Time Director, Chief Technology Officer and Head of Service Delivery (May 25, 2017-October 31, 2017) 2. Non-Executive, Non-Independent Director (November 01, 2017 onwards) - Resigned from the Board with effect from May 04, 2018.	CFO, Global Head-Legal & Company Secretary (last working day- July 31, 2017).
Remuneration received	1. ₹53,69,029 2. Nil	1. ₹45,48,746 2. Nil	₹37,38,983
Nature of employment, whether contractual or otherwise	1. Permanent 2. Otherwise 3. Permanent	1. Permanent 2. Otherwise	Permanent
Qualifications and experience of the employee	B.Tech 28 Yrs	M.Sc (Computer Science) 23 Yrs	CA, CS, Senior Mgt Program from IIM-C 33Yrs
Date of commencement of employment	Oct 15, 1997	Jan 15, 2007	Nov 27, 2012
The age of such employee	48 Yrs.	46 Yrs.	56 Yrs.
The last employment held by such employee before joining the Company	Crompton Greaves	Siemens	Logix Microsystems Ltd
The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above	0.01%	NA	NA
Whether any such employee is a relative of any Director or manager of the Company and if so, name of such Director or manager	NA	NA	NA

Annexure E

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

1. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	6th December, 1994
iii)	Name of the Company	Subex Limited
iv)	Category / Sub Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru-560103
vi)	Whether listed Company (Yes / No)	Yes, on the National Stock Exchange of India Ltd and BSE Ltd
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Canbank Computer Services Limited J P Royale, 1st Floor, No.218 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru – 560 003 Contact No. 080-23469661/662/664/665

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1.	Implementation and customization	-	32
2.	Managed services	-	34
3.	Support services	-	34

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares/ capital held*	Applicable Section
1.	Subex Technologies Limited, India	U74140KA2005PLC035905	Subsidiary	100	2 (87)
2.	Subex Assurance LLP, India	AAJ-0729	Subsidiary	100	2 (87)
3.	Subex Digital LLP, India	AAJ-0728	Subsidiary	100	2 (87)
4.	Subex Americas Inc., Canada	Foreign Company	Subsidiary	100	2 (87)
5.	Subex (UK) Limited, England	Foreign Company	Subsidiary	100	2 (87)
6.	Subex Inc., USA	Foreign Company	Subsidiary	100	2 (87)
7.	Subex (Asia Pacific) Pte. Limited, Singapore	Foreign Company	Subsidiary	100	2 (87)
8.	Subex Azure Holdings Inc., USA	Foreign Company	Subsidiary	100	2 (87)
9.	Subex Middle East (FZE), UAE	Foreign Company	Subsidiary	100	2 (87)

*Including % of holding, either directly or indirectly through subsidiaries.

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

(i) Category–wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,52,844	-	4,52,844	0.09	4,52,844	-	4,52,844	0.08	(0.01)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	0.10	5,21,200	-	5,21,200	0.09	(0.01)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**9,74,044**	**-**	**9,74,044**	**0.19**	**9,74,044**	**-**	**9,74,044**	**0.17**	**(0.02)**
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(a) Other – Individuals	-	-	-	-	-	-	-	-	-
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(a) Banks/FI	-	-	-	-	-	-	-	-	-
(a) Any other.	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**9,74,044**	**-**	**9,74,044**	**0.19**	**9,74,044**	**-**	**9,74,044**	**0.17**	**(0.02)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	21,64,479	-	21,64,479	0.43	28,48,537	-	28,48,537	0.51	0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.02	78,764	-	78,764	0.01	(0.01)
g) FIIs	28,06,956	-	28,06,956	0.55	-	-	-	-	(0.55)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Portfolio Investors	-	-	-	-	5,50,94,999	-	5,50,94,999	9.80	(9.80)
Sub-total (B)(1)	**50,50,199**	**-**	**50,50,199**	**1.00**	**5,80,22,300**	**-**	**5,80,22,300**	**10.32**	**(9.32)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	10,62,60,582	400	10,62,60,982	20.96	11,83,97,679	400	11,83,98,079	21.07	0.11
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	11,36,82,693	49,811	11,37,32,504	22.43	12,81,49,774	44,251	12,81,94,025	22.81	0.38
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	18,38,05,398	0	18,38,05,398	36.26	21,11,59,948	-	21,11,59,948	37.57	1.31

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Trusts	3,88,600	-	3,88,600	0.08	3,88,600	-	3,88,600	0.07	(0.01)
Director & their relatives	60,000	-	60,000	0.01	79,095	-	79,095	0.01	-
Foreign Nationals	81,194	-	81,194	0.02	81,194	-	81,194	0.01	(0.01)
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non Resident Indians	84,97,887	-	84,97,887	1.68	1,02,22,484	-	1,02,22,484	1.82	0.14
O C Bs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	17,79,005	-	17,79,005	0.35	37,95,674	-	37,95,674	0.68	0.33
shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	2,01,36,829	-	2,01,36,829	3.97	2,76,48,411	-	2,76,48,411	4.92	0.95
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	6,52,80,387	-	6,52,80,387	12.88	22,35,775	-	22,35,775	0.40	(12.48)
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	6,16,030	1,670	6,17,700	0.12	5,58,729	1,670	5,60,399	0.10	(0.02)
Sub-Total(B)(2)	**50,05,88,605**	**51,881**	**50,06,40,486**	**98.76**	**50,27,39,063**	**46,321**	**50,27,63,384**	**89.64**	**(9.12)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**50,56,38,804**	**51,881**	**50,56,90,685**	**99.95**	**56,17,13,407**	**46,321**	**56,17,59,728**	**99.96**	**0.01**
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.05	2,43,207	-	2,43,207	0.04	(0.01)
Grand Total (A+B+C)	**50,68,56,055**	**51,881**	**50,69,07,936**	**100**	**56,19,56,614**	**46,321**	**56,20,02,935**	**100**	

* As per the records of the RTA.

II. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year*
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Kivar Holdings Private Limited	5,21,200	0.10	0.10	5,21,200	0.09	0.01	(0.01)
2.	Subash Menon	80,601	0.02	0.02	80,601	0.01	0.01	(0.01)
3.	Sudeesh Yezhuvath	3,72,243	0.07	0.07	3,72,243	0.07	0	0

* There was no change in the number of shares held by Promoters during the year. The percentage change in shareholding is due to increase in the paid-up share capital.

The reduction in the percentage of shares pledged/encumbered is due to the release of pledge on shares by Axis Trustee Services Ltd, on the redemption of FCCB III.

III. Change in Promoters' Shareholding

Sl. No	Shareholders name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Kivar Holdings Private Limited	5,21,200	0.10	5,21,200	0.09
2.	Subash Menon	80,601	0.02	80,601	0.01
3.	Sudeesh Yezhuvath	3,72,243	0.07	3,72,243	0.07
	There is no change in shareholding as at the end of the year				

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

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	QVT Singapore Fund Pte. Ltd.	NIL	-	2,75,31,428	4.90
2.	Uno Metals Ltd	1,72,52,000	3.40	2,56,02,000	4.56
3.	AKG Finvest Ltd	2,00,70,000	3.96	1,97,10,000	3.51
4.	Tonbridge (Mauritius) Limited	NIL	-	1,79,16,321	3.19
5.	Leeds (Mauritius) Limited	NIL	-	96,47,250	1.72
6.	Angel Fincap Private Limited	72,27,806	1.43	75,20,818	1.34
7.	IL and FS Securities Services Limited	3,18,431	0.06	42,17,932	0.75
8.	Dilipkumar Lakhi	28,36,857	0.56	40,96,322	0.73
9.	Chirag Dilipkumar Lakhi	20,96,431	0.41	20,96,431	0.37
10.	Societe Generale	NIL	-	20,87,122	0.37

v. Shareholding of Directors and Key Managerial Personnel

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Surjeet Singh (term concluded on March 31, 2018)	NIL	N.A.	NIL	N.A.
2.	Anil Singhvi	60,000	0.01	60,000	0.01
3.	Nisha Dutt	NIL	N.A.	NIL	N.A.
4.	Poornima Prabhu	NIL	N.A.	NIL	N.A.
5.	Vinod Kumar Padmanabhan (appointed as Director on May 25, 2017)	19,095	0.01	19,095	0.01
6.	Ashwin Chalapathy (appointed as Director on May 25, 2017 & resigned w.e.f May 04, 2018)	NIL	N.A.	NIL	N.A.
7.	Mehernaz Dalal (appointed as CFO w.e.f. June 15, 2017)	NIL	N.A.	NIL	N.A.
8.	Ganesh KV (resigned as CFO and CS w.e.f. June 15, 2017	NIL	N.A.	NIL	N.A.

V. INDEBTEDNESS

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

(₹ In lakhs)

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	10,059	-		10,059
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	501	-	-	501
	Total (i + ii + iii)	**10,560**	-	-	**10,560**
Change in Indebtedness during the financial year					
i)	Principal Amount	(10,059)	-		(10,059)
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	(501)	-	-	(501)
	Net Change	**(10,560)**	-	-	**(10,560)**
Indebtedness at the end of the financial year					
i)	Principal Amount	-	-	-	-
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	-	-	-	-

The Company repaid the outstanding US$ 3,600,000 under FCCB III on its maturity date, July 07, 2017.

The State Bank of India (SBI), Overseas Branch, Bengaluru, *vide* its letter dated October 25, 2017 has confirmed that the Company has repaid its Working Capital Loan of ₹42.05 Crores and has no outstanding dues.

Pursuant to the restructuring, the Working Capital Limits of the Company to the tune of ₹54.83 Crores, held with Axis Bank Ltd, CBB Branch, Bengaluru, has been transferred to its subsidiary, Subex Assurance LLP. Hence the Company has no outstanding Working Capital loan as on March 31, 2018.

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL*

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

A1.

(₹ In lakhs)

Sl. No	Particulars of Remuneration	Surjeet Singh Managing Director & CEO**	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38	38
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify	-	-
	Total	**38**	**38**
	Ceiling as per the Act	60 Lakhs p.a as per Section II of Part II of Schedule V of the Act	60 Lakhs.

* All the values have been rounded off to the nearest Lakhs.

** Upto conclusion of term as on March 31,2018.

A2. (₹ in Lakhs)

Sl. No	Particulars of Remuneration	Vinod Kumar Padmanabhan Whole Time Director (May 25, 2017-October 31, 2017)	Total Amount
1.	Gross salary		
	(a)Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	54	54
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	-
	Total	**54**	**54**
	Ceiling as per the Act	₹120 Lakhs p.a as per Section II of Part II of Schedule V of the Act	₹120 Lakhs.

A3. (₹ in Lakhs)

Sl. No	Particulars of Remuneration	Ashwin Chalapathy Whole Time Director (May 25, 2017-October 31, 2017)	Total Amount
1.	Gross salary		
	(a)Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	45	45
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	-
	Total	**45**	**45**
	Ceiling as per the Act	120 Lakhs p.a as per Section II of Part II of Schedule V of the Act	120 Lakhs.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Anil Singhvi	Nisha Dutt	Poornima Prabhu	
	Fee for attending Board/Committee meetings	28	22	23	73
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	28	22	23	73
2.	Other Non-Executive Directors	Mr. Vinod Kumar Padmanabhan (Nov 01, 2017-March 31, 2018)	Ashwin Chalapathy (Nov 01, 2017 -March 31, 2018)	-	N.A
	Fee for attending Board/Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total = (1+2)	28	22	23	73
	Total Remuneration	**28**	**22**	**23**	**73**
	Overall Ceiling as per the Act	₹1,00,000 per meeting for the Independent Directors			

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Mehernaz Dalal Chief Financial Officer with effect from June 15, 2017	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	43	43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify		
5.	Others, please specify (Flexible Benefit Plan)	1	1
	Total (1+2+3+4+5)	44	44
	Ceiling as per the Act	Not Applicable	

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

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

Annexure F

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

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

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

b) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c) The N&R Committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act 2013.

d) The N&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as Non-Executive Director.

   i) Qualification, experience and expertise of the Non-Executive Directors in their respective fields;

   ii) Personal, professional or business standing;

   iii) Diversity of the Board.

e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration of Non-Executive Directors

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

i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014;

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

B. CRITERIA FOR APPOINTMENT OF EXECUTIVE DIRECTORS

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

Remuneration for Executive Director

i. At the time of appointment or re-appointment, the Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Executive Director within the overall limits prescribed under the Companies Act, 2013.

ii. The Remuneration shall be subject to the approval of the Members of the Company in General Meeting.

iii. The remuneration of the Executive Director maybe broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:

   a. The relationship of remuneration and performance benchmarks is clear;

   b. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

   c. Responsibility required to be shouldered by the Executive Director, the industry benchmarks and the current trends;

   d. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

C. REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL

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

i) The relationship of remuneration and performance benchmark is clear;

ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.

v) The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to N&R Committee for its review and approval.

D. REMUNERATION POLICY FOR OTHER EMPLOYEES

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

i) The relationship of remuneration and performance benchmark is clear;

ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

iii) The remuneration maybe divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv) The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trend in the market.

v) The Reporting Manager will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive.

Annexure G

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis		
1.	Name(s) of the related party and nature of relationship	NOT APPLICABLE
2.	Nature of contracts/ arrangements/ transactions	
3.	Duration of the contracts/ arrangements/ transactions	
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	
5.	Justification for entering into such contracts or arrangements or transactions	
6.	Date(s) of approval by the Board	
7.	Amount paid as advances, if any:	
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.Details of material contracts or arrangement or transactions at arm's length basis		
(a)	Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited
		(b) Subex (UK) Limited
		(c) Subex Americas Inc.
		(d) Subex (Asia Pacific) Pte. Limited
		(e) Subex Inc.
		(f) Subex Middle East (FZE)
		(g) Subex Assurance LLP
		(h) Subex Digital LLP
		(All the aforementioned entities are subsidiaries of Subex Limited)
(b)	Nature of contracts/ arrangements/ transactions	**A. Sub-Contracting Transactions**
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd
		Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		B. Marketing & Allied Services Expense Transactions
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd

(b)	Nature of contracts/ arrangements/ transactions (contd.)	Subex Americas Inc.
		Subex Inc.
		Subex Middle East (FZE)
		C. Interest Income
		Subex Americas Inc.
		D. Reimbursement of expenses
		Subex (UK) Limited
		Subex (Asia Pacific) Pte. Ltd
		Subex Assurance LLP
		Subex Digital LLP
		Subex Americas Inc.
		Subex Inc.
		Subex Technologies Ltd.
(c)	Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	**A. Sub-Contracting Transactions**
		The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company
		B. Marketing & Allied Services Expense Transactions
		The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company
		C. Interest Income
		The ultimate holding Company charges interest on loan given to its subsidiaries
		D. Reimbursement of expenses
		Group entities incur cost on behalf of other entities for administrative convenience, which is then cross charged to respective entity on cost-to-cost basis.
(e)	Date(s) of approval by the Board, if any:	May 25, 2017 (approval), January 29, 2018 and May 04, 2018 (ratification)
(f)	Amount paid as advances, if any:	NA

For **Subex Limited**

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Anil Singhvi
Chairman & Independent Director
DIN 00239589

Place: Bengaluru, India
Date: May 04, 2018

Annexure H

DETAILS / DISCLOSURES OF RATIO OF REMUNERATION

Particulars	For the period from April 01, 2017-October 31, 2017	For the period from November 01, 2017-March 31, 2018 (Post restructuring)
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	1. Surjeet Singh (MD & CEO) 3.29: 1.00 2. Vinod Kumar Padmanabhan (WTD) 20.34:1.00 3. Ashwin Chalapathy(WTD) 18.65: 1.00	Surjeet Singh (MD & CEO) 6.29: 1.00
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	MD & CEO: 28.47% CFO: (41.82)% WTD's :N.A	MD & CEO:257.48% CFO: (40.43)% WTD's :N.A
(iii) the percentage increase in the median remuneration of employees in the financial year;	The median remuneration increased by 11.16% during this period.	Incomparable due to Business restructuring, where majority of the employees were transferred to Subex Assurance LLP.
(iv) the number of permanent employees on the rolls of Company;	905	47
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was an increase of 10.71% in the average percentile of salaries of employees during this period. There was an increase of 28.47% in the remuneration paid to the MD & CEO, which was approved by the Board at their meeting held on October 04, 2017. There was a decrease of 41.82% in the remuneration paid to the CFO during this period.	The details pertaining to average percentile increase/decrease in the salaries of employees is incomparable due to Business restructuring, where majority of the employees were transferred to Subex Assurance LLP. There was an increase of 257.48% in the remuneration paid to the MD & CEO in this period, which was approved by the Board at their meeting held on October 04, 2017. There was a decrease of 40.43% in the remuneration paid to the CFO during this period.
(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration of Directors, Senior Management and Employees is as per the Remuneration Policy of the Company	

Annexure I

ANNUAL REPORT ON CSR ACTIVITIES

Sustainable practices have always been an integral part of Subex Limited. Corporate Social Responsibility is a large part of our overall sustainability policy encompassing social action. Subex Charitable Trust is our primary social responsibility trust. The objective for the financial year 2017-18 was enabling education of eligible students from financially weaker sections of society and vocational training for women

CSR Committee

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2018.

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

Mr. Surjeet Singh ceased to be the member with effect from March 31, 2018, due to the conclusion of his term as MD & CEO on the same date. Mr. Vinod Kumar Padmanabhan was appointed as member of the Committee with effect from April 01, 2018.

OBJECTIVE AND SCOPE

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

For more details visit https://www.subex.com/social-responsibility/.

SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. During the year, it has provided active support for the education of economically challenged meritorious students as part of the Nurture Merit Programme, conducted blood and stem donation camps, donated clothes and other essentials to Government schools. SCT has tied up with the Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls.

FOCUS AREA

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Employment enhancing vocational skills;

ACTIVITIES COVERED DURING THE YEAR

- Education aid: Sponsored 40 economically-challenged students from rural areas with scholarships through the Nurture Merit program.
- Education aid: Sponsored tuition fees for the Vidyaranya Trust Orphanage.
- Vocation Training for Women empowerment: SCT has tied up with the Prerana Resource Centre for providing Vocational Training to visually impaired and disabled orphan teenage girls and has Sponsored their tuition fees. As part of this program, 25 blind and disabled girls are provided Trainings in 3 phases – Basic Education, Vocational Training & Employment follow-up. Out of the 25, 22 Blind/Disabled Girls have been successful in attaining jobs in different factories – Textile Industry, Packaging Industry, Printing and others.
- Received Nurture Merit contribution from 33 Subexians and more than 20 Subexians are contributing a monthly amount from their salary for SCT activities.
- Other activities:
    - Organized blood and stem cell donation camp with TTK Bank.
    - Visited Bellandur Government School, and Government school, Kadubisanahalli to understand their requirements.
    - Provided 10 Desktops to Government Higher Secondary School for education purpose. Also provided Water Coolers for providing clean drinking water to the students.
    - Donated Clothes, and Toys for economically challenged children through Goonj, with the help of Subexian volunteers.

- Vidyaranya Trust Orphanage - SCT volunteers spent time with children and donated back packs and water sippers to the children.
- Opportunity School for the mentally retarded - SCT volunteers visited and spent time with mentally retarded children and donated back packs and water sippers.
- Donated cots and mattresses to Shishu Mandir, a home for destitute children.

FINANCIAL DETAILS

In accordance with Section 135 of the Companies Act, 2013 and Rules made under the Company has constituted a CSR Committee as its Net worth has exceeded ₹500 Crores. As the Company has incurred losses during the preceding 3 years, it is not mandatory to incur expenditure on CSR activities. However, the CSR Committee, in its meeting held on May 25, 2017, approved the contribution of ₹10,00,000 to the SCT, for the period 2017-18 and the Company has voluntarily undertaken certain activities as listed below. The contribution towards the activities undertaken during the year was made in April 2018.

The major projects and heads under which the outlay amount was spent as on the date of this report are as follows: (₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: I) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Providing Vocational Training to visually impaired and Disabled Orphan Teenage Girls	Promoting employment enhancing vocation skills especially among children, women and differently abled	Bengaluru	4,08,000	4,08,000	4,08,000	4,08,000
2	Nurture merit programme	Providing scholarships to economically challenged students from rural areas	Bengaluru	5,92,000	5,92,000	5,92,000	5,92,000
	Total			10,00,000	10,00,000	10,00,000	10,00,000

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

For **Subex Limited**

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Anil Singhvi
Chairman & Independent Director
DIN 00239589

Place: Bengaluru, India
Date: May 04, 2018

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

• Satisfy the spirit of the law and not just the letter of the law

• Be transparent and maintain high degree of disclosure levels

• Communicate externally, in a truthful manner, about how the Company is run internally

• Comply with the laws in all the countries in which the Company operates

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

II. BOARD OF DIRECTORS

As on March 31, 2018, the Board of Directors of Subex Limited comprises 6 directors out of which 1 is an Executive Director, 2 are Non-Executive Directors and 3 are Independent Directors.

During the year, Mr. Anil Singhvi was appointed as the Chairman of the Company with effect from May 25, 2017. Further, Mr. Vinod Kumar Padmanabhan, the Chief Operating Officer and Mr. Ashwin Chalapathy, the Chief Technology Officer and Head of Service Delivery were appointed as Whole-Time Directors of the Company on May 25, 2017 as well.

Ms. Nisha Dutt, Independent Director was appointed as the Chairperson of the Nomination & Remuneration Committee with effect from May 25, 2017.

Mr. Ganesh K V ceased to be the Chief Financial Officer and Company Secretary with effect from June 15, 2017 consequent to his resignation from the Company. Ms. Mehernaz Dalal who was heading the corporate function was appointed as the Chief Financial Officer of the Company with effect from June 15, 2017. Further, Mr. Arjun Makhecha was appointed as the Acting Company Secretary with effect from June 15, 2017.

Pursuant to the restructuring of the business of the Company, the Revenue Maximization Solutions business was contributed to Subex Assurance LLP and the Subex Secure and Analytics solutions and related businesses was contributed to Subex Digital LLP. Consequent to such business restructuring Mr. Vinod Kumar Padmanabhan and Mr. Ashwin Chalapathy were appointed in Subex Assurance LLP and they continued as Non- Executive and Non-Independent Directors on the Board of the Company with effect from November 01, 2017 being the effective date of such business restructuring.

The Board at its meeting held on October 04, 2017 based on the recommendation of the Nomination & Remuneration Committee re-appointed Mr. Surjeet Singh as the Managing Director and CEO of the Company for the period from October 05, 2017 until March 31, 2018. On account of completion of tenure of Mr. Surjeet Singh as Managing Director and CEO of the Company, he ceased to be a member of the Board and all the Committees.

In view of the completion of tenure of Mr. Surjeet Singh as the Managing Director and CEO of the Company on March 31, 2018 and based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on March 21, 2018 appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company with effect from April 01, 2018.

The Board at its meeting held on May 04, 2018 took note of the resignation tendered by Mr. Ashwin Chalapathy from the Board of Subex and its subsidiaries with effect from May 04, 2018.

The Board appointed Mr. Vinod Kumar Padmanabhan as a member on the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee with effect from April 01, 2018.

Details of the composition of the Board of Directors and their attendance and other particulars are given below.

A.Composition and Category of Directors as on March 31, 2018

Category	No. of Directors	%
Independent Directors	3	50
Executive Directors	1	17
Non- Executive Directors	2	33
Total	6	100

B. Attendance of Directors at the Board Meetings and the Last AGM and Details about Directorships and Memberships in Committees as on March 31, 2018

Director	Position	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships In Public Companies ▲	No. of Board/ Committees In Which The Director Is Chairman ■	No. of Board /Committees In Which The Director Is Member ■
Mr. Surjeet Singh^^	Managing Director and Chief Executive Officer	10	6	Yes	2	-	2
Mr. Anil Singhvi	Independent Director	10	10	Yes	7	2	3
Ms. Nisha Dutt	Independent Director	10	8	Yes	1	-	2
Ms. Poornima Prabhu	Independent Director	10	10	Yes	1	-	1
Mr. Vinod Kumar Padmanabhan *	Non-Executive, Non-Independent Director	9	6	Yes	1	-	-
Mr. Ashwin Chalapathy **	Non-Executive, Non-Independent Director	9	7	Yes	1	-	-

Notes:

▲ Includes directorship in Subex Limited.

■ Committee means Audit Committee and Stakeholders' Relationship Committee. Memberships in Committees of Subex Limited are included.

^^ Pursuant to the terms of the employment agreement of Mr. Surjeet Singh with the Company, his tenure as Managing Director and CEO of the Company concluded on March 31, 2018 and consequently he ceased to continue on the Board of the Company and the Committees. All details of Mr. Surjeet Singh in this report, wherever it appears, are up to March 31, 2018.

* The Board of Directors at its meeting held on May 25, 2017 appointed Mr. Vinod Kumar Padmanabhan as a Whole-Time Director of the Company. Subsequently on account of the restructuring of the Company, Mr. Vinod Kumar Padmanabhan was designated as Non-Executive and Non-Independent Director with effect from November 01, 2017. The Board appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company with effect from April 01, 2018.

** The Board of Directors at its meeting held on May 25, 2017 appointed Mr. Ashwin Chalapathy as a Whole-Time Director of the Company. Subsequently on account of the restructuring of the Company, Mr. Ashwin Chalapathy was designated as Non- Executive and Non-Independent Director with effect from November 01, 2017.

Mr. Ashwin Chalapathy resigned from the directorship of the Company with effect from May 04, 2018.

C. Number and Dates of Board Meetings

Details of meetings of the Board held during the financial year 2017-18 are as follows:

Sl. No.	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	May 25, 2017
3.	No. 3/2017-18	June 05, 2017
4.	No. 4/2017-18	July 28, 2017
5.	No. 5/2017-18	August 21, 2017
6.	No. 6/2017-18	October 04, 2017
7.	No. 7/2017-18	November 10, 2017
8	No. 8/2017-18	December 21, 2017
9.	No. 9/2017-18	January 29, 2018
10.	No. 10/2017-18	March 21, 2018

D. Disclosure of relationships between directors *inter-se*

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

E. Details of Shareholding of Non- Executive Directors

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

Name	No. of Shares Held as at March 31, 2018
Mr. Anil Singhvi	60,000
Ms. Nisha Dutt	NIL
Ms. Poornima Prabhu	NIL
Mr. Vinod Kumar Padmanabhan	19,095

F. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide independent directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the directors on the roles, responsibilities, rights and duties under the Companies Act, 2013 and other statutes. There was no independent director appointed during the year. Details of the familiarization programme imparted to independent directors is available on the following link https://www.subex.com/shareholder-services/.

III. AUDIT COMMITTEE

A. Terms of Reference

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

• Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

• Recommending to the Board, the appointment, re-appointment, terms of appointment or reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;

• Reviewing, with the management, the annual and quarterly financial statements before submission to the Board for approval, with particular reference to:

a) Changes, if any, in accounting policies and practices and reasons for the same;

b) Major accounting entries involving estimates based on the exercise of judgment by management;

c) Significant adjustments made in the financial statements arising out of audit findings;

d) Qualifications in the draft Audit Report;

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Overseeing the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also to take action against repeated frivolous complaints filed by director or employee;
- Evaluating the internal financial controls;
- Approving the appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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

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

B. Composition of The Audit Committee as on March 31, 2018

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

Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary ceased to be the Secretary of the Audit Committee with effect from June 15, 2017 consequent to his resignation from the Company.

*Mr. Surjeet Singh ceased to be the member of the Audit Committee on March 31, 2018.

Mr. Vinod Kumar Padmanabhan was inducted to the Audit Committee with effect from April 01, 2018.

C. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following Audit Committee meetings were held:

1.	No. 1/ 2017-18	May 25, 2017
2.	No. 2/ 2017-18	June 05, 2017
3.	No. 3/ 2017-18	July 28, 2017
4.	No. 4/ 2017-18	August 21, 2017
5.	No. 5/ 2017-18	November 10, 2017
6.	No. 6/ 2017-18	January 29, 2018
7.	No. 7/ 2017-18	March 21, 2018

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

Sl. No.	Quarterly/ half yearly/ yearly results	Dates on which the results were considered
1.	Quarter and Year ended March 31, 2017	May 25, 2017
2.	Quarter ended June 30, 2017	July 28, 2017
3.	Quarter and Half year ended September 30, 2017	November 10, 2017
4.	Quarter and nine months ended December 31, 2017	January 29, 2018

The Attendance of the directors at the Audit Committee Meetings during the financial year 2017-18 were as follows:

Member	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi	7	7
Mr. Surjeet Singh	7	5
Ms. Nisha Dutt	7	5
Ms. Poornima Prabhu	7	7

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

P. C. Chandrashekhar & Co, Chartered Accountants, the Internal Auditors of the Company attended the meeting of the Committee held on May 25, 2017 and were re- appointed by the Committee for the financial year 2017-18.

IV. NOMINATION AND REMUNERATION COMMITTEE

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

A. Composition of the Nomination and Remuneration Committee as on March 31, 2018 is as follows:

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

B. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following meetings of the Nomination and Remuneration Committee were held:

1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	June 05, 2017
3.	No. 3/2017-18	July 28, 2017
4.	No. 4/2017-18	October 04, 2017
5.	No. 5/2017-18	December 21, 2017
6.	No. 6/2017-18	March 21, 2018

At its meeting held on October 04, 2017, the Committee approved the re-appointment and remuneration of Mr. Surjeet Singh as the Managing Director & CEO of the Company for the period from October 05, 2017 to March 31, 2018. Further at the meeting of the Committee held on March 21, 2018, the Committee approved the appointment and remuneration of Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company for a period of 3 years with effect from April 01, 2018.

Attendance of the members at the Nomination and Remuneration Committee meetings during the financial year 2017-18 were as follows:

Member	No. of Nomination and Remuneration Committee Meetings Held	No. of Nomination and Remuneration Committee Meetings Attended
Ms. Nisha Dutt	6	4
Mr. Anil Singhvi	6	6
Ms. Poornima Prabhu	6	6

C. Details of remuneration paid to all the Directors during the Year 2017-18 are as follows:

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

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

Details of remuneration paid to the directors during the year 2017-18 are as follows:

(₹ in Lakhs)

Name	Sitting fees	Salary and perquisites	Commission $
Ms. Nisha Dutt	22	-	-
Mr. Anil Singhvi	28	-	-
Mr. Surjeet Singh	N. A.	38	-
Ms. Poornima Prabhu	23	-	-
Mr. Vinod Kumar Padmanabhan	N. A.	54	-
Mr. Ashwin Chalapathy	N. A.	45	-

All the values have been rounded off to the nearest Lakhs.

$ Remuneration to independent directors by way of commission was approved by the Board at their Meeting held on May 25, 2017 and subsequently approved by the shareholders at the 23rd Annual General Meeting held on July 28, 2017 for an amount not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. However, no commission was paid to the independent directors during the year.

Remuneration Details of Executive Directors:

1. Mr. Surjeet Singh, Managing Director & CEO (October 05, 2017 to March 31, 2018)

(a) Tenure: October 05, 2017 to March 31, 2018

(b) Remuneration: ₹5,00,000 per month.

(c) Benefits:

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

   b. Insurance: Personal accident insurance and Keyman or other insurance as per the policy of the Company or as approved by the Board of Directors.

(d) Taxes: All taxes, duties, levies, surcharge etc. shall be borne solely by Mr. Surjeet Singh.

(e) Expenses: The Company shall reimburse, on a monthly basis, all reasonable travelling, entertainment and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities. He shall be entitled to travel in Business class where travel time is more than 5 hrs.

(f) Leave: Casual/sick leave and holidays as per the policy of the Company.

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

2. Mr. Vinod Kumar Padmanabhan, Managing Director & CEO (April 01, 2018 to March 31, 2021)

a) Tenure: 3 years (April 01, 2018 to March 31, 2021)

b) Remuneration: ₹60,00,000 per annum for a period of 3 years from April 01, 2018.

c) Taxes: Mr. Vinod Kumar Padmanabhan will be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with appropriate authority.

d) Expenses: The Company shall reimburse all reasonable travelling and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities.

e) Other terms and conditions: As per the employment agreement between Subex Limited and Mr. Vinod Kumar Padmanabhan

D. Performance Evaluation

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

V. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

A. Composition of The Stakeholders' Relationship Committee as on March 31, 2018

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

Mr. Ganesh K V, Chief Financial Officer, Global Head-Legal and Company Secretary ceased to be the Secretary of the Committee with effect from June 15, 2017 pursuant to his resignation from the Company.

*Mr. Surjeet Singh ceased to be the member of the Stakeholders' Relationship Committee on March 31, 2018

Mr. Vinod Kumar Padmanabhan was inducted to the Stakeholders' Relationship Committee by the Board with effect from April 01, 2018.

B. Meetings and Attendance of the Committee during the Year

During the financial year 2017-18, the following meetings of the Stakeholders' Relationship Committee were held:

1.	No. 1/2017-18	May 25, 2017
2.	No. 2/2017-18	July 28, 2017
3.	No. 3/2017-18	November 10, 2017
4.	No. 4/2017-18	January 29, 2018

Attendance of the Directors at the Stakeholders' Relationship Committee Meetings for the financial year 2017-18 were as follows:

Member	No. of takeholders' Relationship Committee Meetings Held	No. of Stakeholders' Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Mr. Surjeet Singh	4	4
Ms. Nisha Dutt	4	4

VI. ESOP COMMITTEE (COMPENSATION COMMITTEE)

The Company has instituted Employee Stock Option Schemes in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee administers options under the stock options schemes. There were no grants made during the financial year 2017-18.

A. Composition of The ESOP Committee as on March 31, 2018

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

B. Meetings and Attendance during the Year

The Committee administers the ESOP schemes of the Company by passing resolutions by circulation whenever necessary. These resolutions are tabled before the Board of Directors at their respective meetings which is noted.

VII. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

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

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

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

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

A. Composition of The CSR Committee as on March 31, 2018

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

*Mr. Surjeet Singh ceased to be the member of the Corporate Social Responsibility Committee with effect from March 31,2018.

Mr. Vinod Kumar Padmanabhan was inducted to the Corporate Social Responsibility Committee with effect from April 01, 2018.

B. Meetings and Attendance of the Committee during the Year 2017-18:

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

During the financial year 2017-18, the Committee met on May 25, 2017 to discuss and approve the contribution to be made towards the Corporate Social Responsibility programs.

The CSR Charter and the Policy of the Company are available on the website of the Company at https://www.subex.com/shareholder-services/.

VIII. RISK MANAGEMENT COMMITTEE

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

A. Composition of the Risk Management Committee as on March 31, 2018

Sl. No.	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Independent Director
2.	Mr. Surjeet Singh*	Managing Director & CEO
3.	Mr. Vinod Kumar Padmanabhan	Non- Executive, Non-Independent Director

*Mr. Surjeet Singh ceased to be the member of the Risk Management Committee on March 31, 2018.

B. Meetings and Attendance during the Year

There were no meetings of the Risk Management Committee held during the financial year 2017-18.

IX. INDEPENDENT DIRECTOR

During the year under review, the Independent Directors met, *inter alia*, to:

• Review the performance of the Non-Independent Directors and the Board of Directors as a whole;

• Assess the quality, quantity and timeliness of flow of information between the Management of the listed entity and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

X. VIGIL MECHANISM AND WHISTLE BLOWING POLICY

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

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

The Whistle Blower Policy of the Company is available on the website of the Company at https://www.subex.com/shareholder-services/.

XI. GENERAL BODY MEETINGS

A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2014-15	June 19, 2015	Registered office	1.00 PM
2015-16	September 12, 2016	Registered Office	2:00 PM
2016-17	July 28, 2017	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru-560 052	3:00 PM

Details of the Special Resolutions passed at the Last Three AGMs:

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining too
June 19, 2015	7	1. Re- appointment of Mr. Surjeet Singh as the Managing Director and CEO of the Company for a period of one year from October 05, 2014 to October 04, 2015. 2. Re-appointment of Mr. Anil Singhvi as an Independent Director for a period of five years. 3. Re-appointment of Mr. Sanjeev Aga as an Independent Director for a period of five years. 4. Issuance of shares pursuant to reset of Conversion Price of FCCB's. 5. Increase in Authorized Share Capital of the Company. 6. Alteration of Capital Clause contained in the Memorandum of Association and. 7. Approval of Borrowing limits of the Company.
September 12, 2016	2	1. Alteration of Articles of Association of the Company. 2. Re-appointment of Mr. Surjeet Singh as Managing Director and CEO of the Company for a period of one year from October 05, 2016 to October 04, 2017.
July 28, 2017	3	1. Appointment of Mr. Vinod Kumar Padmanabhan as a Whole-Time Director of the Company. 2. Appointment of Mr. Ashwin Chalapathy as a Whole-Time Director of the Company. 3. Approve payment of remuneration to Independent Directors by way of commission.

B. Location and Time of the Last Three EGMs

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

C. Postal Ballot during the year 2017-18

Pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013, the following special resolutions were passed by the Members of the Company through postal ballot:

A. Postal Ballot conducted during March 30, 2017 to April 29, 2017

Mr. Pramod S M, Practicing Company Secretary (Membership Number FCS:7834, CP No. 13784) was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot. Details of the special resolutions that were passed are as follows:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1.	Increase in Authorized Share Capital	51,364,551	51,003,488	361,063	99.30	Approved
2.	Issue of Equity Shares on preferential basis	51,238,450	51,054,878	183,572	99.64	Approved

B. Postal Ballot conducted during August 25, 2017 to September 23, 2017

Mr. Biswajit Ghosh, Practicing Company Secretary (Membership Number FCS:8750, CP No. 8239) was appointed as the scrutinizer for the above mentioned remote e-voting process and Postal Ballot. Details of the special resolutions that were passed are as follows:

Resolution No.	Particulars	Total Number of shares voted	Voted in Favour	Voted against	Percentage (in favour)	Result
1.	Restructuring of the business of the Company	119,241,219	118,221,024	1,020,195	99.14%	Approved
2.	Amendment to Articles of Association	118,450,070	118,066,693	383,377	99.68%	Approved
3.	Amendment to the object Clause of the Memorandum of Association	115,882,184	115,870,492	11,692	99.99%	Approved

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

XII. SUBSIDIARY COMPANIES

A policy on materiality of subsidiaries has been formulated and the same has been posted on the website of the Company under the link https://www.subex.com/shareholder-services/.

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

XIII. DISCLOSURES

A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standards (AS18) and IND AS has been made in the note 33 to the Stand Alone and Note 33 to the Consolidated Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link https://www.subex.com/shareholder-services/.

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

B. INSIDER TRADING

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

C. FINES

During the year 2017-18, there was no fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets. During the year 2015-16, BSE Limited imposed a fine of ₹18,240/- on the Company under Clause 31 of the erstwhile Listing Agreement for delay in submission to the exchange, the Annual Report for 2014-15 which was duly paid. There was no other fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years, other than as stated above.

D. CEO/CFO CERTIFICATION

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

E. CODE OF CONDUCT

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

During the said Financial year there were no changes made to the Code. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31, 2018. A declaration to this effect, signed by the Managing Director and CEO is provided in the certification section of the Annual Report. The Code has been posted on the Company's website https://www.subex.com/shareholder-services/.

XIV. MEANS OF COMMUNICATION

A. Annual/Half Yearly and Quarterly Results

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

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

XV. MANAGEMENT DISCUSSION AND ANALYSIS

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

XVI. GENERAL SHAREHOLDER INFORMATION

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

XVII. PRACTISING COMPANY SECRETARIES CERTIFICATE

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

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

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

A. The Board

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

B. Shareholders' Rights

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

C. Modified opinion(s) in Audit Report

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

D. Separate Posts of Chairperson and Chief Executive Officer

The Company has created separate positions to be held by the Chairman of the Company and the Chief Executive Officer. The Board at its meeting held on May 25, 2017 appointed Mr. Anil Singhvi as the Chairman of the Company.

The Board at its meeting held on October 04, 2017 re-appointed Mr. Surjeet Singh as Managing Director and CEO of the Company from October 05, 2017 until March 31, 2018. Consequent to the conclusion of tenure of Mr. Surjeet Singh, the Board at its meeting held on March 21, 2018, based on the recommendation of the Nomination & Remuneration Committee appointed Mr. Vinod Kumar Padmanabhan as Managing Director and CEO of the Company for a term of 3 years effective from April 01, 2018.

E. Reporting of Internal Auditor

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

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Place: Bengaluru, India
Date: May 04, 2018

Anil Singhvi
Chairman and Independent Director
DIN 00239589

Place: Bengaluru, India
Date: May 04, 2018

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

To,
The Members of Subex Limited

In accordance with Clause D of Schedule V of the SEBI (LODR) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the financial year ended March 31, 2018.

For **Subex Limited**

Place: Bengaluru
Date: May 04, 2018

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

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

To,
The Board of Directors
Subex Limited

Dear Sirs,

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

A) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2018 and to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN 06563872

Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Place: Bengaluru
Date: May 04, 2018

Management Discussion and Analysis

OVERVIEW

Subex Limited ("Subex" or "the Company") has its Equity Shares listed on the National Stock Exchange of India Limited (NSE) and The BSE Limited.

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

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

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

COMPANY OVERVIEW

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

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

Subex helps CSPs to drive new business models, enhance customer experience and optimise enterprises. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management and Partner Settlement, and complements them through its newer solutions such as IoT Security. Subex also offers scalable Managed Services and Business Consulting services.

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

- Converge 2018 Big Data & Analytics Award under "Customer Analytics" Category
- Pipeline Innovation Award 2018 & 2017 for the 'Innovations in Managed Services', Big Data & Analytics and Security & Assurance" category
- Aegis Graham Bell Award 2017 for Innovation in ROC Insights under "Data Science" Category
- Global Telecoms Business Innovation Award 2017 with Saudi Telecom Company
- Pipeline Innovation Awards under "Managed Services" category & "Innovations in Security & Assurance"

Subex has spent over 25 years in enabling 3/4th of the largest 50 CSPs globally achieve competitive advantage. Being truly a global Company, we have more than 300 installations across 90+ countries.

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

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

OPPORTUNITIES

The last couple of years saw Telcos faced with a paradoxical choice of fighting OTT digital providers vs partnering with the OTT digital providers. It is clear that digital is now deeply embedded in the telco ecosystem as an efficiency and scalability driver, as a customer engagement and experience driver and indeed as a driver of new digital products, services, and offerings. Telcos continue to invest in augmenting networks, forging partnerships and indeed in some cases building walled gardens of an entire ecosystem of digital services. Further, larger-scale adoption of IoT has started gathering momentum and 2018 is now forecast to be the year when IOT becomes massive.

We see significant opportunities for Subex in the digital play of telcos and homecoming of IoT. In the core areas of Revenue Assurance and Fraud Management the new digital service expose telcos to new business risks, revenue risks, cost and margin risks, fraud risks, compliance and regulatory risks. Subex is well positioned to help telcos manage these risks, while at the same time helping them remain agile to their customer needs and agile to successfully take on the digital competition. Subex with its Partner Management portfolio is also well positioned to help telcos attract, retain and work efficiently with digital partners.

Return on invested capital particularly in networks is coming under significant pressure and scrutiny. Subex's network analytics portfolio with its network lifecycle management and capacity management solutions is well positioned to capitalize on the opportunity created to optimise network spend and use networks as a driver of customer experience.

The timing of Subex's IoT security solution has coincided well with the massive IoT offtake we are experiencing. With security being identified as one of the key barriers to IoT adoption, we believe Subex is well positioned to grab a portion of the IoT security spend market.

THREATS

Core areas of Subex such as fraud management, revenue assurance, partner settlement are evolving. For instance, Revenue Assurance and Fraud Management are evolving into Business Assurance and increasingly getting closer to Enterprise Risk Management; and partner settlement is evolving into larger partner management to manage the digital ecosystem for telcos. Subex needs to ensure that it can capitalize on these changes and create leadership positions in the evolved areas.

With digital services, telcos are changing into content providers, into fintech and digital banks, into home automation and indeed industrial IoT service providers. This is resulting in new buying centers within the telcos for fraud, risk and security solutions. Failure to develop good relationships with the new buying centers can result in Subex getting sidelined. Subex needs to leverage its domain credentials and its relationship with existing buyers to mitigate this risk.

OUR REVENUE MODEL

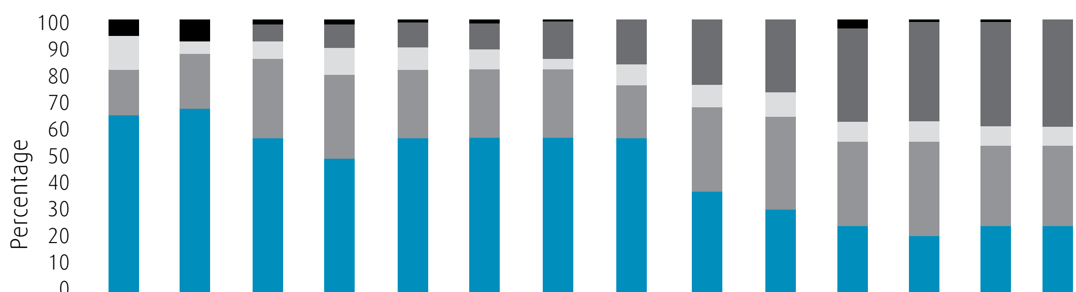
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

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

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

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

Revenue composition



	FY '05	FY '06	FY '07	FY '08	FY '09	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15	FY '16	FY '17	FY '18
Third party	5	9	2	3	1	2	1	0	0	1	4	1	1	-
Managed services	0	0	9	8	11	10	14	18	24	27	34	36	33	33
Customization	13	5	6	10	7	7	3	7	8	8	7	8	7	8
Support	18	19	26	30	25	27	28	18	31	34	30	35	32	33
License & Addl. License	64	67	57	49	56	54	54	57	37	30	25	20	27	26

OUR PRODUCTS

Subex offers the Revenue Operations Centre (ROC®) Solution Suite for Business and CapEx Optimisation, which has solutions for '**Risk & Security**' which consists of Digital Revenue Assurance, Fraud Management and IoT & M2M Security; and for enhancing '**Experience**' through Customer Journey Analytics, Customer Analytics, and CMO Insights. The platform also provides solutions for helping enterprises to '**Optimise**' through Network Asset Management, Data Integrity Management and Capacity Management; and also solutions to help CSPs '**Monetize**' through Interconnect Billing, and Digital Partner Settlement. On top of these solutions, Subex also enables CSPs to leverage their harvested information to take decision-based actions by providing contextual, consumable and actionable business insights through advanced analytics.

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

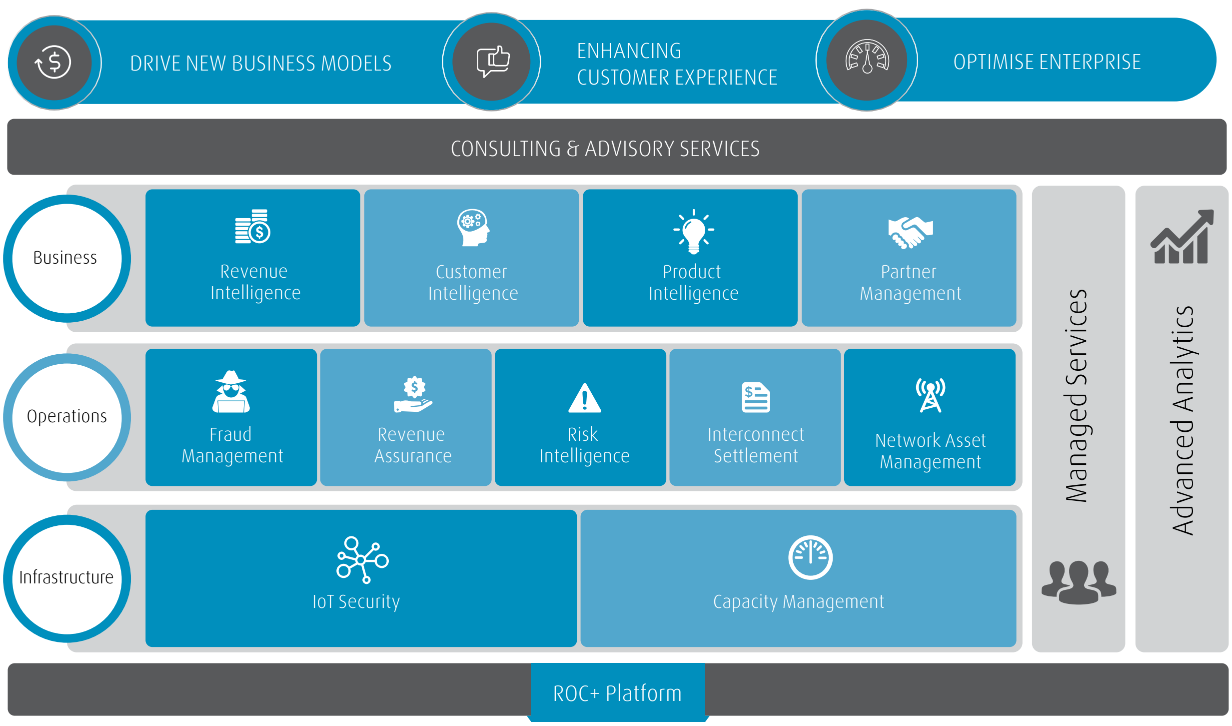
The ROC enables profitable service provider growth through coordinated operational control.

For service providers that aim to optimise their operational and process infrastructure, ROC delivers Business and CapEx Optimisation in the most pragmatic manner.

Functions of ROC:

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

SUBEX PORTFOLIO



RISK & SECURITY

Digital Revenue Assurance

Subex's Digital Revenue Assurance is the telecom industry's first revenue assurance solution that simplifies RA. It helps telecom service providers transform mountains of data from across business platforms/systems into valuable actionable insights that aid revenue maximisation processes. Digital Revenue Assurance has pioneered the Next Generation RA DNA (Dynamic Network Analytics) technology where operators can quickly invoke GUI-driven building blocks to rapidly deploy extensive Revenue Assurance and Enterprise Business Process controls within their operations. DNA is network topology agnostic and supports revenue management for both traditional communication services and digital services offerings. The solution offers both pre-built set of controls packaged to reduce time of production, as well as capabilities to support any business process that aids revenue management, automating and simplifying complex revenue and cost processes.

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

Fraud Management

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

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

Subex Fraud Management's high flexibility allows operators of different sizes to customize rules to suit unique network and business requirements. A configurable workflow management tool integrates the investigation process with detection.

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

MONETISE

Partner Settlement

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

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

Route Optimisation

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

Subex Secure

Subex IoT security solution monitors and alerts to threats in near real-time Internet of Things (IoT) environments. The Subex security narrative focuses on the concept of holistic 'cyber resilience' from asset and incident discovery and monitoring through response and recovery. In addition to its specialized, agentless software for heterogeneous IoT environments to extract and analyze data from

IoT edge sources and apply IDS and SIEM capabilities. It also offers SLA-based 24/7 monitoring services via a global network of SOCs, honeypots and skilled security analysts. Subex uses an agent-based model for homogeneous deployments focused on remote attestation.

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

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

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

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

OPTIMISE

Network Asset Management

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

- Knowing what you have (Knowing what assets you have and its utilization).

- Measuring what you have (Setting up controls to monitor assets location and utilization).

- Optimising what you have (Asset optimisation leading to CapEx and OPEX efficiency).

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

Data Integrity Management

Subex is the pioneer of data integrity management, with over a decade of experience in data integrity transformations with the world's leading service providers. Data Integrity Management is the industry's first solution for improving the quality of data that drives key service provider processes, resulting in lower costs and higher service profitability. Data Integrity Management combines three powerful data integrity functions: multi-layer network and service discovery; data reconciliation; and discrepancy analytics.

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

Capacity Management

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

Business Insights

Today, for Communications Service Providers (CSPs), the volume of data required to be dealt with is enormous. Being able to store and access such volumes of data is only part of the problem for them. In order to effectively use the data to improve and optimise business processes, CSPs need analytics & insights to derive actionable intelligence out of it. Many organisations in fact have understood the importance of having a Data Analytics strategy and have made efforts towards harnessing and leveraging the data available to them. Unfortunately, the numerous solutions which they are currently using are limited in terms of providing actionable insights upon which business decisions can be taken. Due to this, CSPs are not able to generate ROI from their Data Analytics solution.

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

Subex Business Insights helps operators extract valuable information from data, predict and act upon irregularities, increase overall efficiency and effectively monitor business changes in near-real time. Moreover, through the generation of consumable and interactive storyboards, Business Insights transcends beyond providing mere dashboards to providing insights which can be consumed by executives across multiple levels. Moreover, ROC Insights ensures costs are kept low by keeping a zero CapEx, only OPEX-driven model.

Additionally, the Business Insights service can be used to generate insights only which are relevant and required. Business Insights does this by adopting a pay-as-you go model, tailor-made to address the challenges of today's telcos around Product, Risk, Customer and Revenue.

Consulting & Assessment Services

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

Subex offers consulting and assessment services in the following domains:

- Maturity assessment: Benchmarking of their revenue assurance and fraud management processes with respect to global standards and provide metrics across people skills, processes, technology usage and measurement strategies.
- Business operations assessments: Gap analysis of existing processes and provide the roadmap to close these gaps using "analyse, evaluate, assess and recommend" framework.
- Risk management: Identify the risks in the revenue chain and plug leakages in a timely manner, through regular end to end assessment of the existing business and revenue streams. Subex's custom framework is based on a thorough understanding of risks, creating a Risk Control Matrix utilizing TM Forum standards, and developing comprehensive standard operating procedures.
- Business process re-engineering: Review of the existing business processes and then design and implement the new business process after considering the best industry practices.
- System integration and IT support operations: While migrating from legacy OSS/BSS infrastructure Subex provides extensive checklists and exhaustive test cases making sure that migration cost is reduced. Subex can also help in carrying out customized health-check of RA and FM IT operations of telcos.
- Product and service margin assurance: Assessment of the target market and holistic margin and profitability check for the entire service and product catalogue.
- Portfolio optimisation: Optimizing offering portfolio by holistic assessment of products and offerings considering subscriber base, price points, usage patterns, revenue share and benefit comparison with other offerings.

Managed Services

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

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

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

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

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

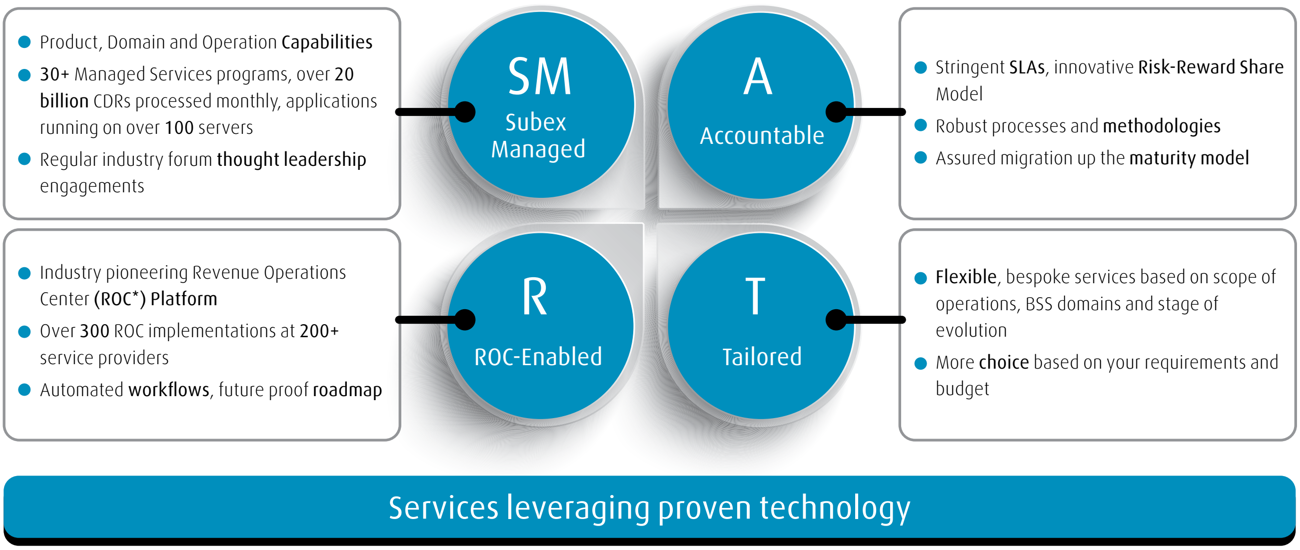
On-Site Support: High caliber, experienced resources to ensure functional continuity and high resource efficiency.

End-to-End Managed Services

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

Subex Managed Services

SMART services leveraging proven technology



OUR GLOBAL CUSTOMER BASE

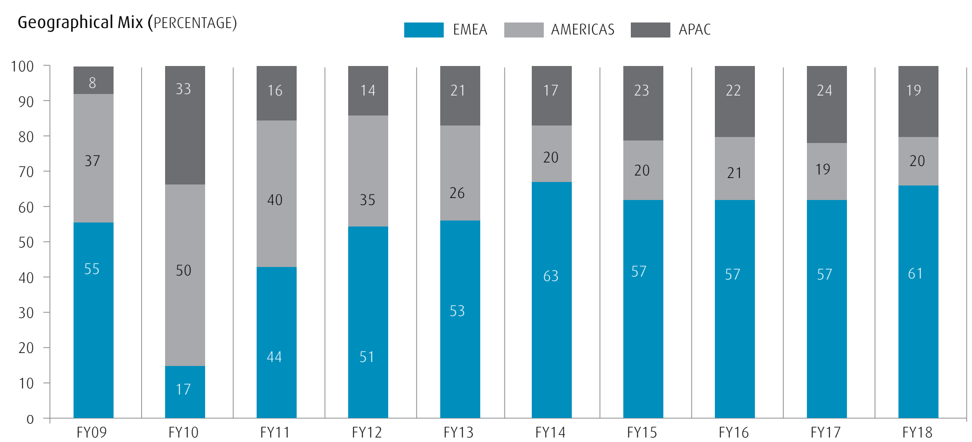
Subex today serves over 300 installations spread across 90+ countries. This includes 3/4th of the largest 50 CSPs globally. A partial list of customers is given below:

APAC – Aircel, Astro, Airtel, Bakrie Telecom, CAT, Celcom, DTAC, DST Brunei, Idea Cellular, Indosat Ooredoo, Maxis, MTS, Ncell, Optus, Packet One, PLDT, Reliance Communications, Reliance Jio, Robi Axiata, Starhub, Singtel, Smartfren, Tata Communications, Tata Teleservices, Telenor Myanmar, Teletalk, Telstra, Telkom Indonesia, True Move, Telenor India, Vinaphone, Vodafone India.

Americas- Alaska Communications, America Movil AT&T, BTC Bahamas, , Cincinnati Bell Wireless, Claro Argentina, Claro Brazil, Claro Colombia, Claro Dominican Republic, Claro Peru, Claro Puerto Rico, Comcast Cable, Cricket Communications, Century Link, Hawaiian Telcom, Etecsa, Entel Bolivia, Liberty Global, Movistar Chile, Movistar Colombia, Movistar Mexico, Movistar Peru, Nextel Brazil, Nextel Chile, ICE, Telcel, Telmex, Telus, T Mobile, Verizon.

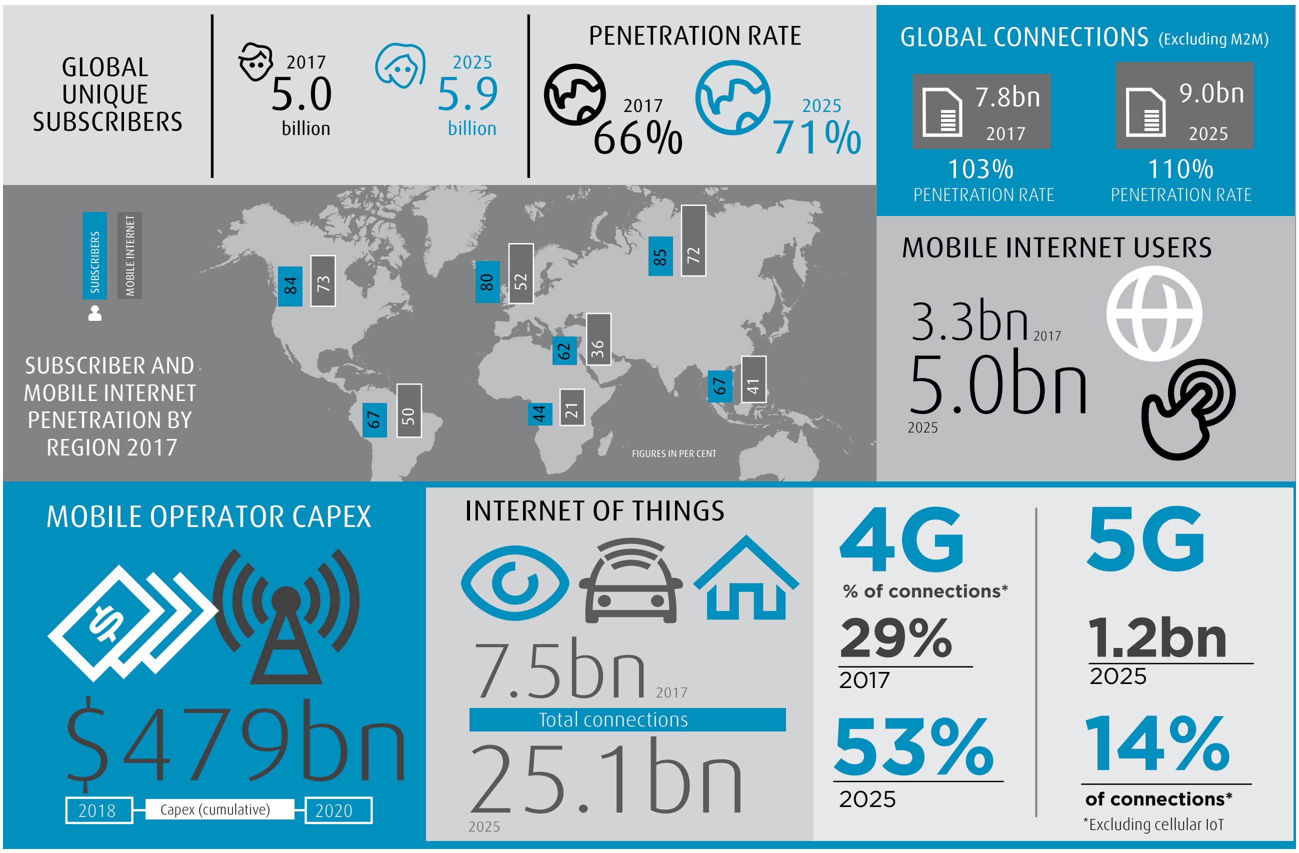
EMEA- Airtel, Almadar, AST Communications, Atalntique Telecom, Azercell, ALB Telecom Batelco, Bezeq International, BTC Botswana, BT, Cell C, Colt, Coolwave, Cyta, Du, Econet, Elisa, Ethio Telecom, Etisalat UAE, Etisalat Nigeria, Geocell, Glo, Go Malta, Interoute, INWI, Jawwal, K Cell, Level 3, Liberty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

The chart below illustrates the geographical mix of customer base:



GLOBAL COMMUNICATION SERVICES INDUSTRY OVERVIEW

The global number of mobile subscribers at the end of 2017 stood at 5 million, equivalent to 66% of the world's population. In 2017, mobile technologies and services generated 4.5% of the global GDP, a contribution that amounted to US$3.6 trillion (economic value-added). In 2017, the wider mobile ecosystem supported 29 million jobs directly and indirectly and made a substantial contribution to the funding of the public sector, with ~US$500 billion raised through general taxation and US$25 billion through mobile spectrum auctions. Migration to smartphones that operate on high-speed mobile networks, coupled with increasing consumer propensity to engage with the digital world, is driving mobile data traffic up across all regions. The number of connections excluding cellular IoT totaled 7.8 billion globally in 2017 and is pegged to reach 9 billion by 2025, taking the SIM ownership ratio to 1.5. In developing countries, the SIM ownership ratio is often higher, especially in Sub-Saharan Africa (1.7), where many consumers use multiple SIMs from different mobile operators, often through dual-SIM handsets, to make use of the best network coverage and call quality in certain locations. (Source: GSMA)



Outlook

The number of unique mobile subscribers will reach 5.9 billion by 2025, equivalent to 71% of the world's population. By 2022, contribution of mobile technologies and services will reach US$4.6 trillion, or 5% of the global GDP, as countries increasingly benefit from the improvements in productivity and efficiency brought about by an increased take-up of mobile services and mobile-to-mobile solutions. The more significant growth opportunity will lie in the domain of mobile internet – a market that will add 1.75 billion new users over the next eight years, reaching a milestone of 5 billion mobile internet users by 2025. In 2019, 4G will become the leading mobile network technology worldwide by number of connections (>3 billion) – another major milestone for the mobile industry, about a decade since the launch of early 4G commercial services. Meanwhile, the mobile industry continues to make progress with 5G, including successful trials around the globe and the approval of non-standalone 5G radio specifications in December 2017. A number of mobile 5G commercial launches are expected over the next three years in North America and major markets across Asia and Europe. China, the US and Japan will be the leading countries in terms of 5G connection deployment in 2025, while Europe as a whole will continue to make progress as well. In total, these four economies will account for >70% of the 1.2 billion 5G connections expected to be installed globally by end-2025. By 2025, mobile internet penetration will reach 61% of the global population and account with 86% of them being unique subscribers. Most of these new mobile internet users will hail from China (~350 million), India (~330 million) and Sub-Saharan Africa (~280 million). By 2025, two-thirds of all mobile connections (excluding cellular IoT) across the world will operate on high-speed networks, with 4G accounting for 53% of total mobile SIMs and 5G, 14%. To support migration and drive engagement, operators will have to invest a sum of US$0.5 trillion in mobile capex between 2018 and 2020. (Source: GSMA)

Internet of things (IoT)

IoT connections include cellular and non-cellular connections. At the end of 2017, there were 30 commercial deployments of LTE-M and NB-IoT in 20 countries, including the US, China and several nations across Europe. While IoT is rapidly becoming a mainstream technology in consumer markets such as consumer electronics and smart homes, the industrial IoT segment is still in its infancy. The number of smartphone users is forecast to grow from 2.1 billion in 2016 to ~2.5 billion in 2019, with smartphone penetration rates increasing as well. ~36% of the world's population is projected to use a smartphone by end-2018, up from ~10% in 2011. With this increase in the smartphone and internet users, the popularity of 4G has increased as well. The number of IoT connections (cellular and non-cellular) will increase more than threefold worldwide between 2017 and 2025, reaching 25 billion. By 2025, licensed cellular IoT connections will reach 3.1 billion worldwide, or 12% of the total IoT connections. As emerging technologies (AI, IoT and advanced data analytics) converge, 5G could play an enabling role in realising their full potential. For example, IoT will require both more pervasive intelligence and a ubiquitous connectivity layer to allow devices to communicate and support the on-demand availability of data analytics. Globally, the industrial connections base will overtake consumer IoT connections by 2023. IoT security spending will increase by 73% to reach US$195 billion 2019 from US$113 billion in 2015 and is predicted to grow at an even faster rate after 2020. (Source: GSMA)

Growth drivers

- Funding and innovations: Over the last five years, IoT startups are increasingly being backed by private investors. Some of these companies are also adopting a horizontal business model by establishing their presence across multiple sectors and segments of the IoT value chain. More and more companies are commercialising mobile IoT modules for both LTE-M and NB-IoT, typically supported by software development kits. Some mobile operators and equipment vendors are also establishing open labs to help solution developers test new concepts and certify products.
- Development in connectivity: While the majority of IoT devices – typically in indoor environments – will likely be connected by radio technologies designed for short-range connectivity (such as Wi-Fi, Z-Wave and Zigbee), other IoT devices that require wide-area network coverage, coverage on the move, lower latency and ultra-reliability will likely be primarily connected by cellular networks using licensed spectrum.
- Proliferation across verticals: The number of IoT connections (cellular and non-cellular) will increase more than threefold worldwide between 2017 and 2025, driven by rising adoption of smart solutions in buildings (heating, air conditioning, security, lighting and automation), utilities (energy, water and gas, smart metering and smart grid) and manufacturing (inventory tracking, monitoring and diagnostics, warehouse management).
- Smart cities: Smart city initiatives are on the rise across major metropolitan areas in the US, China, Singapore, India, Qatar and the UAE.
- Smart homes: Smart homes are increasingly becoming a platform for a suite of digital services, applications and devices, and will be the largest source of growth within the consumer segment, driven by their increased demand in areas such as home security, energy usage monitoring, and infrastructure (routers and extenders).

RISKS AND CONCERNS

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

Reduction in Consumer and Business Purchasing

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

Consolidation in our customer base

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

Dependence on the Communications Service Providers as our major customers

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

Security

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

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

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

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

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

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

In addition to risks related to improper disclosure of personal data, new laws and regulations are being implemented. One significant new regulation is the European General Data Protection Regulation ("GDPR") which goes into full effect in May 2018. Compliance efforts related to these laws and regulations is significant and could be a distraction from other activities. Further, even without any actual improper disclosure of personal data, non-compliance could result in large fines. Still further, customer focus on these laws and regulations could delay or jeopardize sales and installations of Subex products.

Technology changes and obsolescence may impact our business

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

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

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

Recruiting and Retention of Personnel is challenging

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

Adequately Protecting Our Intellectual Property may not be possible

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

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

Allegations of Infringement of Third Party Intellectual Property poses Risks

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

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

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

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

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

Variability of Our Quarterly Operating Results Makes Comparisons Difficult

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

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

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

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

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

Foreign Exchange Fluctuations May Lead to Variability in Our Revenue

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

SEZ related taxation benefits may be uncertain

We in India operate out of Special Economic Zone (“SEZ”). SEZ units currently avail various tax benefits. While tax protection is expected to continue under the GST regime, there is a significant amount of uncertainty around its impact on SEZ units. This could potentially lead to incidence of higher tax.

Failure to Fulfill Contractual Obligation May Lead to Claims

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

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

Debt Obligations

The details of the FCCB’s of the Company are summarized below:

(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 March 08, 2007	180.00	-	-
Restructuring of bonds during 2009-10	(141.00)	141.00	-
Discount @ 30%	-	(42.30)	-
Balance as on November 02, 2009	39.00	98.70	-
Conversion to equity in 2009-10 and 2010-11	-	(43.90)	-
Balance March 31, 2011	39.00	54.80	-
Restructuring of bonds during 2012-13	(38.00)	(53.40)	91.40
Premium	-	-	36.32
Balance on July 06, 2012	1.00	1.40	127.72
Mandatory conversion to equity shares on July 17, 2012	-	-	(36.32)
Balance after mandatory conversion	1.00	1.40	91.40
Conversion to equity up to March 31, 2016	-	-	(86.85)
Balance as on March 31, 2016	1.00	1.40	4.55
Conversion during 2016-17	-	-	(0.95)
Redemption on March 06, 2017	(1.00)	(1.40)	-
Balance as on March 31, 2017	-	-	3.60
Redemption on July 07, 2017	-	-	(3.60)
Balance as on March 31, 2018	Nil	Nil	Nil

As on March 31, 2018, the Company did not have any outstanding FCCB’s.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

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

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

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

Subex is certified for ISO 9001:2008 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year, the emphasis was more towards information security including the privacy aspects of customer data where applicable. Focused effort on data privacy, align with customer's strategy towards compliance to Global Data Privacy Regulations (GDPR). Information security practices is the base to implement privacy, organization and technological measures in terms of physical and logical access controls are built in to the system. Awareness to employees on the work environment and best practices are imparted through trainings periodically.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis

(₹ in Lakhs)

Financial Highlights/Year Ending March 31st	2018		2017	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	32,432	17,993	35,733	32,441
Total Income	32,572	18,096	36,887	33,694
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	2,996	314	9,505	5,451
Profit/(Loss) before Exceptional items & tax	2,275	(200)	7,528	4,162
Exceptional Items	1,166	389	(10,890)	(4,591)
Profit/(Loss) before tax	3,441	189	(3,362)	(429)
Tax expenses	1,373	157	961	254
Profit/ (Loss) after tax	2,068	32	4,323	(683)
Other comprehensive income	(240)	(8)	(1,376)	(33)
Equity dividend %	Nil	Nil	Nil	Nil
Share Capital	56,200	56,200	50,691	50,691
Reserves & Surplus	21,745	18,034	17,718	13,035
Net worth	77,945	74,234	68,409	63,726
Gross Property, Plant & equipment and intangible assets	2,137	6,287	1,832	1,015
Net Property, Plant & equipment and intangible assets	719	5,624	923	482
Total Assets	89,768	75,148	95,669	92,463
Key Indicators	**2018**		**2017**	
	Consolidated	Standalone	Consolidated	Standalone
Earnings per Share (Year end)	0.37	0.01	(0.85)	(0.13)
Debt (including Working capital) Equity-%	0.15	0.01	0.40	0.45
EBITDA / Sales - %	10.83	5.65	27.99	17.65
Net Profit Margin - %	6.38	0.17	(12.10)	(2.11)
Return on year end Net Worth %	2.35	0.03	(8.33)	(1.12)
Return on year end capital employed % (EBIT/ Capital Employed)	3.84	0.42	13.89	8.55

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

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

During 2017-18, the Company allotted 55,094,999 equity shares on a preferential basis at ₹14 per share to QVT Singapore Fund Pte. Ltd, Tonbridge (Mauritius) Ltd and Leeds (Mauritius) Ltd (Non-Promoters).

Other Equity

Foreign Currency Translation Reserve

During the year 2017-18, the Company has completed the liquidiation of its subsidiary viz. Subex Technologies Inc., USA and accordingly the balance of foreign currency translation reserve amounting to ₹1,166 Lakhs has been credited to profit and loss account.

Balance of Foreign Currency Translation Reserve, arising on consolidation of foreign subsidiaries, of ₹11,821 Lakhs has been included in the Reserves and Surplus.

Securities Premium

Securities Premium Account includes the premium collected on:

- 4,096,290 equity shares that were allotted during the year 2016-17 at a premium of ₹3/- per share on conversion of 0.95 Million FCCB III Bonds.
- 55,094,999 equity shares that were allotted during the year 2017-18 at a premium of ₹4/- per share. The shares were allotted to Non-Promoters, on preferential basis.

Capital Reserve

Pursuant to restructuring, the difference of ₹2,776 between net assets transferred from the Company to Subex Assurance LLP and Subex Digital LLP and capital contribution made by the Company has been recognized as Capital reserve in the books of the Company. (Refer note 31 of standalone financial statements for further details)

Employee Stock Options

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [previously known as Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999], the Company amortizes the excess of market price of the underlying equity shares as on the date of the grant of the option over the exercise price of the option, to be adjusted over the period of vesting. The net amount carried in respect of stock options outstanding at March 31, 2018 amounts to ₹1 Lakh (Previous Year: ₹6 Lakhs).

Short Term Borrowings

As at March 31, 2018, the Company has an outstanding balance of short term borrowings from Axis Bank amounting to ₹3,215 Lakhs (Previous Year: ₹5,216 Lakhs from Axis Bank and ₹3,374 Lakhs from SBI) on a consolidated basis and & ₹ Nil (Previous Year: ₹8,590 Lakhs) on a standalone basis.

Balance of loan outstanding to SBI bank was repaid on October 25, 2017, and accordingly, the corporate guarantee by Subex Technologies Limited and Subex (UK) Limited and 100% shares pledged of Subex (UK) Limited have been released.

Pursuant to the restructuring of the Company, balance of loan outstanding from Axis bank was transferred to Subex Assurance LLP. This loan has been secured by primary charge on customers receivables and the current assets of SA LLP and collateral charge on the fixed assets of SA LLP. The Company has also given a corporate guarantee to the lenders of SA LLP for the purpose of availing such working capital loan facilities.

Long Term Borrowings (including current maturities)

Current maturities of long term debt as at March 31, 2018 consists of:

a. On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US$ 3.60 Million (₹2,336 Lakhs) and paid accrued interest of US$ 0.1 Million (₹67 Lakhs) on the aforesaid bonds. On July 06, 2017, the deferred interest in respect of aforesaid bonds for the period July 06, 2012 to January 06, 2016 amounting to US$ 0.72 Million (₹467 Lakhs) has been paid. As at March 31, 2018, there are no outstanding FCCBs and related interest [March 31, 2017 US $ 3.60 Million (₹2,336 Lakhs)].

b. During the quarter ended June 30, 2017, Subex Americas Inc., has repaid the term loan of US$ 12 Million (₹7,782 Lakhs) to the respective lenders on May 15, 2017.

Fixed Assets

On a consolidation basis, the Company added ₹287 Lakhs to its gross block and also disposed off certain assets no longer required. The Company's net block of fixed assets as at March 31, 2018 is ₹719 Lakhs (as at March 31, 2017 was ₹923 Lakhs).

On a standalone basis, the Company added ₹6,283 Lakhs to its gross block which includes the purchase of Intellectual Property Right viz. Data Integrity Management (DIM) amounting to ₹6,078 Lakhs from Subex Americas Inc. The Company disposed off certain assets no longer required and the net block of fixed assets as at March 31, 2018 is ₹5,624 lakhs (as at March 31, 2017 was ₹482 lakhs).

Investments

During the year 2016-17, the Company recognized an amount of ₹6,070 lakhs as diminution in carrying value of investments in Subex Americas Inc. Consequently, the investment carrying value as of March 31, 2017 is ₹936 Lakhs. During the year 2017-18, there is no diminution in the carrying value of investments. Accordingly, the carrying value of those investments remains at ₹936 Lakhs.

During the year 2017-18, the Company invested in Limited Liability Partnerships, namely, Subex Assurance LLP and Subex Digital LLP. The consideration was paid in cash amounting to ₹9,990 each.

During the year 2017-18, the Company, in the form of partner's capital contribution, invested an amount of ₹61,564 Lakhs in Subex Assurance LLP and ₹1,869 Lakhs in Subex Digital LLP. The consideration was discharged by means of transfer of assets and liabilities at fair value

Restructuring

Effective November 01, 2017, the Company's RMS business and the Digital business have been transferred to Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") at ₹61,564 Lakhs and ₹1,869 Lakhs, respectively, in the form of Company's capital contribution. The Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring. (Refer note 31 of standalone financial statement for further details).

Trade Receivables

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

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

The management believes that the overall composition and condition of trade receivables is satisfactory post assessment of doubtful receivables. The Provision for doubtful debts stands at ₹1,346 Lakhs (Previous year ₹2,596 Lakhs) on a consolidated basis and ₹2,228 Lakhs (Previous Year ₹10,408 Lakhs) on a standalone basis. The Company has written off bad debts from the earlier provision for doubtful debts against the aforesaid trade receivables after obtaining necessary approvals.

Cash and Cash Equivalents

The bank balances includes both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹ Nil (Previous Year: ₹126 Lakhs) on Standalone basis and ₹370 Lakhs (Previous Year: ₹258 Lakhs) on consolidated basis with the bankers is for establishing bank guarantee.

Long-terms Loans and Advances

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

Income

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

(₹ in Lakhs except percentages)

Particulars	2017-18		2016-17	
	Value	%	Value	%
Software Products	3,193	9.85	4,771	13.35
Software Services	29,239	90.15	30,962	86.65
Total	32,432	100.00	35,733	100.00

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

Other Income

Other income mainly consists of income derived by the Company from write back of withholding taxes paid on interest on FCCB III, interest on deposits from banks and interest on inter-Company loans.

Expenditure

The employee benefits expenses increased to ₹17,471 Lakhs (Previous year: ₹15,871 Lakhs) on consolidated basis and decreased to ₹6,248 Lakhs (Previous year: ₹8,537 Lakhs) on standalone basis.

The Company incurred other administration expenses excluding employee benefit expenses, finance cost, taxes and exceptional items at 37% of its total Income during the year as compared to 31% during the previous year on consolidated basis and 64% of its total income during the year as compared to 58% during the previous year on a standalone basis.

Operating Profits

During the year, on consolidated basis, the Company earned an operating profit before interest, depreciation, tax, amortization and exceptional items of ₹3,427 Lakhs being 11% of total revenue (excluding other income) as against ₹8,909 Lakhs at 25% during the previous year.

On a standalone basis, the Company earned operating profit before Interest, depreciation, tax and exceptional items of ₹947 Lakhs being 5% of total income as against ₹4,687 Lakhs at 14% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹775 Lakhs (Previous year: ₹2,040 Lakhs) on a consolidated basis and ₹547 Lakhs (Previous year: ₹1,505 Lakhs) on a standalone basis. The interest paid/accrued mainly relates to interest on working capital loan.

Depreciation

Depreciation and amortization for the year amounted to ₹517 Lakhs (Previous year: ₹495 Lakhs) on consolidated basis and ₹703 Lakhs (Previous year: ₹273 Lakhs) on standalone basis.

Provision for Tax

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

Net Profit/ Total Comprehensive Income

On consolidated basis, the net profit of the Company amounted to ₹2,068 Lakhs, as against a loss of ₹4,323 Lakhs during the previous year. Total comprehensive income for the year is ₹1,828 Lakhs as compared to loss of ₹5,698 Lakhs during previous year.

On standalone basis, the profit of the Company amounted to ₹32 lakhs as against a loss of ₹683 Lakhs during the previous year. Total comprehensive income for the year is ₹24 Lakhs as compared to loss of ₹716 Lakhs during previous year.

Exceptional Item

On a consolidated basis, the Company has completed the liquidation of one of its subsidiary and accordingly the foreign currency translation gain amounting to ₹1,166 lakhs, has been credited to the statement of profit and loss.

At a standalone level, the Company has shown an income of ₹389 Lakhs pertaining to a reversal of provisioning of inter-Company loans.

Earnings per Share

Earnings/ (loss) per share calculated by dividing profit for the year by the weighted average number of equity share outstanding during the year is of ₹0.37 per share [Previous year: ₹(0.85) per share] on a consolidated basis and ₹0.01 per share [Previous year: ₹(0.13) per share] on a standalone basis.

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

Subexians

Our greatest assets are our people - Subexians! Subexians are our biggest differentiators and how we define our capability requirements, training needs and retention strategies therefore becomes crucial. The Subex work culture hinges on our core values of Fairness, Innovation and Commitment and nurtures initiative and creativity, bringing out the best in every Subexian. We know that when our teams realize their full potential, we can achieve our broader business goals. Our employees are spread across the globe and the larger centers are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2018, we had 905 full time Subexians on our rolls globally.

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

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

Pursuant to the conclusion of the term of Mr. Surjeet Singh as the Managing Director and CEO of the Company on March 31, 2018 and based on the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on March 21, 2018 appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and CEO of the Company for a period of three years with effect from April 01, 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Ashwin Chalapathy, Non-Executive, Non-Independent Director, resigned from the Board with effect from May 04, 2018.

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

Recruitment

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

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

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

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

Induction and Training

Welcoming new Subexians into our fold continues to be extremely critical for us. We believe that the quality of induction that new hires go through determines how successful they are in the Company and has a huge impact on retention. We have customized the induction based on the role and function that new Subexians join in. This has resulted in having more targeted induction, yielding greater benefits. The new hire training is then followed up with an on-the-job training to strengthen the knowledge and skills learnt during the training period.

On the learning and development side, the focus this year was to customize the training programs to the individual business need. A Training Need Analysis was done for each business unit to align the need to the goals. A competency matrix of employees is being implemented with the aim of improving the efficiency through personalized skill and knowledge development. Subex Academy is a Global Learning and Development Platform (supporting instructor led training, on the job learning, as well as e-learning) that enable a role based curriculum led approach to learning, while streamlining the training process as well as ensuring global reach and appropriateness of content. This automated platform added significant value to training identification, design, delivery and evaluation. L&D Organization delivered 57 different training programmes apart from product trainings in this financial year. As these training programmmes were customized, the rating received has been the highest compared to the last 3 years. This process is expected to improve the retention of talent as well as overall skill and knowledge level of Subexians.

Performance Management System

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

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

Compensation

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of Subex Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2018, the Standalone Statement of Profit and Loss, including Other Comprehensive Income, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its standalone profit including other comprehensive income, its standalone cash flows and the standalone changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a Statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive

Income, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Standalone Ind AS Financial Statements;

(d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors of the Company as on March 31, 2018, and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer note 35 (b) to the Standalone Ind AS Financial Statements;

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

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

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

per Rajeev Kumar
Partner
Membership Number: 213803
Place: Bengaluru
Date: May 04, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Subex Limited

Statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order")

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

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

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

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

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

(iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans to directors including entities in which they are interested and in respect of loans and advances given, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 35(b)(iii) to the Standalone Ind

AS Financial Statements relating to amounts recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which is under litigation.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

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

(vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other material statutory dues applicable to it.

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

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

Name of the Statute	Nature of the dues	Disputed amount* (₹ in Lakhs)	Amount paid/ refund adjusted under protest (₹ in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing, disallowances under section 10A and other disallowances	3,382	724	2012-13	Income Tax Appellate Tribunal ('ITAT'), Bangalore #
		379	30	2010-11	Hon'ble High Court of Karnataka
		10	-	2009-10	Commissioner of Income Tax (Appeals), Bangalore
		346	-	2006-07	Commissioner of Income Tax (Appeals), Bangalore
		4	4	2005-06	Deputy Commissioner of Income Tax (Appeals), Bangalore
		80	141	2004-05	Hon'ble High Court of Karnataka
		211	212	2003-04	Hon'ble Supreme Court of India
Finance Act, 1994	Service tax	1,004	924	April 2006 to October 2007	Central Excise and Service Tax Appellate Tribunal, Bangalore
		3,608	-	April 2006 to July 2009	Commissioner of Service Tax, Bangalore

* Excluding penalty and interest from the date of Order to March 31, 2018.

In respect of amount disputed for the year 2012-13, the Company has obtained a stay order from ITAT.

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

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

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

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

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

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

(xiv) According to the information and explanations given by the management and on an overall examination of the balance sheet, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment/ private placement of shares and amounts raised, have been used for the purposes for which the funds were raised. Further, the Company has not made any preferential allotment/ private placement of fully or partly convertible debentures during the year under review.

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

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

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

per Rajeev Kumar
Partner
Membership Number: 213803
Place: Bengaluru
Date: May 04, 2018

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

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

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of and for the year ended March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

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

per Rajeev Kumar
Partner
Membership Number: 213803
Place: Bengaluru
Date: May 04, 2018

Standalone balance sheet as at March 31, 2018

(₹ in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	29	362
Intangible assets	4	5,595	120
Financial assets			
Investments	5	64,406	65,701
Loans	6	35	349
Other balances with banks	7	-	126
Other financial assets	10	234	234
Income tax assets (net)	11	2,494	1,873
Deferred tax asset	12	425	478
Other non-current assets	13	288	564
		73,506	69,807
Current assets			
Financial assets			
Loans	6	6	180
Trade receivables	8	1,364	18,966
Cash and cash equivalents	9	211	151
Other financial assets	10	-	2,536
Other current assets	13	61	823
		1,642	22,656
Total assets		75,148	92,463
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	50,691
Other equity	15	18,034	13,035
Total equity		74,234	63,726
Liabilities			
Non-current liabilities			
Provisions	20	1	250
		1	250
Current liabilities			
Financial liabilities			
Borrowings	16	-	8,590
Trade payables	17	415	14,383
Other financial liabilities	18	49	3,472
Other current liabilities	19	51	1,216
Provisions	20	112	266
Income tax liabilities (net)	21	286	560
		913	28,487
Total liabilities		914	28,737
Total equity and liabilities		75,148	92,463
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Standalone statement of profit and loss for the year ended March 31, 2018

(₹ in Lakhs)

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
1	Income			
	Revenue from operations	22	17,993	32,441
	Share of profit/ (loss), (net), from Limited Liability Partnerships	23	37	-
	Other income	24	66	1,253
	Total income		18,096	33,694
2	Expenses			
	Employee benefits expense	25	6,248	8,537
	Finance costs	26	547	1,505
	Depreciation and amortization expense	27	703	273
	Other expenses	28	10,798	19,217
	Total expenses		18,296	29,532
3	(Loss)/ profit before exceptional items and tax expense (1-2)		(200)	4,162
4	Exceptional items (net)	29	389	(4,591)
5	Profit/ (loss) before tax expense (3+4)		189	(429)
6	Tax expense (net):	21		
	Current tax (credit)/charge		(53)	94
	Provision - foreign withholding taxes (net)		157	254
	MAT charge/ (credit)		53	(94)
			157	254
7	Net profit/ (loss) for the year (5-6)		32	(683)
8	Other comprehensive income ('OCI'), net of tax			
	Items that will not be reclassified subsequently to profit or loss			
	Re-measurement loss on defined benefit plans		(8)	(33)
			(8)	(33)
9	Total comprehensive income for the year attributable to equity holders of the Company (7+8)		24	(716)
10	Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2017: ₹ 10)]	30	0.01	(0.13)
	Corporate information and significant accounting policies	1 & 2		
	The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Standalone statement of changes in equity for the year ended March 31, 2018

A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2016	**502,811,646**	**50,281**
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	**506,907,936**	**50,691**
Issued during the year - Preferential issue of equity shares**	55,094,999	5,509
As at March 31, 2018	**562,002,935**	**56,200**

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						
	Reserves and surplus						Total
	Equity component of compound financial instruments	Capital reserve	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	
As at April 1, 2016	**259**	**-**	**24,378**	**1,780**	**16**	**(12,996)**	**13,437**
Less: Loss for the year	-	-	-	-	-	(683)	(683)
Less: Other comprehensive income	-	-	-	-	-	(33)	(33)
Add/ (less): On account of conversion of FCCBs	(54)	-	123	-	-	255	324
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	-	(10)	-	(10)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2017	**205**	**-**	**24,501**	**1,780**	**6**	**(13,457)**	**13,035**
Add: Profit for the year	-	-	-	-	-	32	32
Less: Other comprehensive income	-	-	-	-	-	(8)	(8)
Add/ (less): On account of repayment of FCCBs*	(205)	-	-	-	-	205	-
Add: Additions during the year on account of preferential issue of equity shares**	-	-	2,204	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	-	(5)	-	(5)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
Add: On account of restructuring (refer note 31)	-	2,776	-	-	-	-	2,776
As at March 31, 2018	**-**	**2,776**	**26,705**	**1,780**	**1**	**(13,228)**	**18,034**

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

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

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/(deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Standalone statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) Operating activities		
Profit/(loss) before tax expense	189	(429)
Adjustments to reconcile profit/(loss) before tax expense to net cash flows:		
Depreciation of property, plant and equipment	155	241
Amortisation of intangible assets	548	32
Loss/ (gain) on disposal of property, plant and equipment (net)	2	(1)
Interest income (including fair value changes)	(34)	(215)
Finance costs (including fair value changes)	547	1,505
Provision for doubtful debts and advances (net of reversal)	(182)	1,094
Provisions for doubtful advances no longer required written back (exceptional item)	(389)	(1,579)
Impairment of investment in subsidiaries (exceptional item)	-	6,170
Write back of withholding taxes paid earlier	(30)	(1,037)
Amortised cost of deposits	32	53
Fair value change in financial instruments	(62)	21
Share of profit/ (loss) (net) from Limited Liability Partnership	(37)	-
Net foreign exchange differences	(55)	576
Operating profit before working capital changes	684	6,431
Working capital adjustments:		
(Increase)/decrease in loans	389	1,551
(Increase)/decrease in trade receivables	8,789	187
(Increase)/decrease in other financial assets	453	(1,004)
(Increase)/decrease in other assets	464	(302)
Increase/(decrease) in trade payables	(3,381)	(1,610)
Increase/(decrease) in other financial liabilities	(144)	42
Increase/(decrease) in other current liabilities	(53)	1,143
Increase/(decrease) in provisions	43	(57)
	7,244	6,381
Income tax paid (including TDS, net of refund)	(999)	(495)
Net cash flows from operating activities	6,245	5,886
(B) Investing activities		
Purchase of property, plant and equipment	(203)	(275)
Purchase of intangible assets	(6,080)	(78)
Proceeds from sale of property, plant and equipment	-	2
Additional investment in subsidiaries	-	(100)
Cash transferred pursuant to restructuring (refer note 31)	(1,300)	-
Movement in deposits (net)	89	(67)
Interest received	14	5
Net cash flows used in investing activities	(7,480)	(513)

Standalone statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) Financing activities		
Movement in working capital loans (net)	(3,107)	(1,981)
Interest paid	(975)	(1,189)
Preferential issue of equity shares	7,713	-
Repayment of borrowings (FCCBs)	(2,336)	(2,249)
Net cash flows from/(used in) financing activities	**1,295**	**(5,419)**
(D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	60	(46)
Net foreign exchange difference	-	1
Cash and cash equivalents at the beginning of the year	151	196
(E) Cash and cash equivalents at year end (refer note 9)	211	151
Corporate information and significant accounting policies (refer notes 1 & 2)		
The accompanying notes are an integral part of the standalone financial statements		

As per our report of even date

For and on behalf of the Board of Directors

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

Vinod Kumar Padmanabhan
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Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Notes to the standalone financial statements for the year ended March 31, 2018

1. Corporate information

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

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

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring. Also, refer note 31 in this regard.

These standalone financial statements for the year ended March 31, 2018 are approved by the Board of Directors on May 04, 2018.

2. Significant accounting policies

a. Basis of preparation

The standalone financial statements of the Company have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The standalone financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Use of estimates, assumptions and judgements

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

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

Revenue recognition

The Company uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Company to estimate the efforts to date as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

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

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

In accordance with Ind AS 109, the Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

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

The Company provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(h).

Defined benefit plans

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

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

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

Fair Value measurement of financial instruments

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

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 36.

Taxes

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

Notes to the standalone financial statements for the year ended March 31, 2018

c. Current/ non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

d. Revenue recognition

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

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

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

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

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

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

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

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

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

Interest

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

e. Property, plant and equipment

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

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

f. Intangible assets

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

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

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

g. Depreciation and amortization

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

Notes to the standalone financial statements for the year ended March 31, 2018

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

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years
Intellectual property rights	10 years

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

h. Impairment

Financial assets

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

Impairment of non-financial assets

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

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

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

i. Equity investments in subsidiaries

Investments in subsidiaries are classified as non-current investments. Impairment recognized, if any, is reduced from the carrying value.

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

j. Leases

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

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

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

k. Financial instruments

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

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

Cash and cash equivalents

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

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) 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 though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Compound financial instruments

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

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

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

Reclassification of financial assets

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

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

l. Borrowing cost

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

m. Standalone statement of cash flows

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

n. Employee share based payments

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

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

o. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

Long-term employee benefits

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

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

p. Foreign currencies

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

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

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

q. Taxes on income

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

Current income tax

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

Deferred income tax

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

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

r. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

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

s. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

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

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

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

Notes to the standalone financial statements for the year ended March 31, 2018

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2016	501	7	1	38	547
Additions	252	-	11	12	275
Disposals	(1)	-	-	-	(1)
As at March 31, 2017	752	7	12	50	821
Additions	193	1	1	8	203
Disposals	(1)	-	-	(2)	(3)
Transfer on account of restructuring (refer note 31)	(884)	(7)	-	(52)	(943)
As at March 31, 2018	60	1	13	4	78
Depreciation					
As at April 1, 2016	204	2	-	12	218
Charge for the year	227	2	2	10	241
Disposals	-	-	-	-	-
As at March 31, 2017	431	4	2	22	459
Charge for the year	145	1	2	7	155
Disposals	(1)	-	-	-	(1)
Transfer on account of restructuring (refer note 31)	(531)	(5)	-	(28)	(564)
As at March 31, 2018	44	-	4	1	49
Net block					
As at March 31, 2017	321	3	10	28	362
As at March 31, 2018	16	1	9	3	29

4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights*	Total
Cost			
As at April 1, 2016	117	-	117
Additions	78	-	78
Disposals	-	-	-
As at March 31, 2017	195	-	195
Additions	2	6,078	6,080
Disposals	-	-	-
Transfer on account of restructuring (refer note 31)	(67)	-	(67)
As at March 31, 2018	130	6,078	6,208
Amortization			
As at April 1, 2016	43	-	43
Amortization for the year	32	-	32
Disposals	-	-	-
As at March 31, 2017	75	-	75
Amortization for the year	65	483	548
Disposals	-	-	-
Transfer on account of restructuring (refer note 31)	(10)	-	(10)
As at March 31, 2018	130	483	613
Net block			
As at March 31, 2017	120	-	120
As at March 31, 2018	-	5,595	5,595

*The Company, vide agreement dated June 7, 2017, purchased Intellectual Property Rights ("IPR"), pertaining to its Network Analytics portfolio from its subsidiary Subex Americas Inc., for a purchase consideration of US$ 9.4 Million (₹ 6,078 Lakhs) based on valuation carried out by an external valuer. The aforesaid acquisition would enable the Company to consolidate the Intellectual Property Rights embedded in various software products, which would enhance the product offering portfolio of the Company.

5. Investments

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Investments carried at cost*		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2017: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2017: ₹ 76,560 Lakhs)]	936	936
4,999,994 (March 31, 2017: 4,999,994) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2017: ₹ 500 Lakhs)]	-	-
Nil (March 31, 2017: 5,039,565,245) equity shares of GBP 0.00001 each fully paid-up in Subex (UK) Limited**	-	64,738
Nil (March 31, 2017: 1) equity shares of AED 150,000 each fully paid-up, in Subex Middle East (FZE)**	-	27
	936	65,701
B. Investment in limited liability partnership firms (refer note 1, 23 & 31)		
Investment in Subex Assurance LLP in form of capital contribution of ₹ 61,564 Lakhs and share of profit of ₹ 635 Lakhs for the period ended March 31, 2018	62,199	-
Investment in Subex Digital LLP in form of capital contribution of ₹ 1,869 Lakhs and share of loss of ₹ 598 Lakhs for the period ended March 31, 2018	1,271	-
	63,470	-
Total Investments carried at cost (A+B)	64,406	65,701
Aggregate amount of unquoted investments in subsidiaries	141,466	142,761
Aggregate amount of impairment on investments	77,060	77,060
	64,406	65,701

* As at March 31, 2018, the Company has assessed the carrying value of the investment in its subsidiaries, based on future operational plan, projected cash flows and valuation carried out by an external valuer. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2018 is appropriate.

**Pursuant to the restructuring, Subex Limited has transferred its investment in equity shares of wholly owned subsidiaries Subex (UK) Limited and Subex Middle East (FZE) to Subex Assurance LLP. Also, refer note 31.

6. Loans

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Loans to related parties (refer note 33)		
Considered good	-	-
Considered doubtful	1,706	2,095
Less: Allowances for doubtful loans and advances	(1,706)	(2,095)
	-	-
Others (considered good)		
Security deposits	35	349
	35	349
Current (considered good)		
Loans and advances to employees	6	180
	6	180

Notes to the standalone financial statements for the year ended March 31, 2018

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other bank balances (refer note 9)		
Margin money deposits	-	126
	-	126

8. Trade receivables*

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Considered good	-	-
Considered doubtful	2,228	10,408
Less: Allowance for doubtful debts**	(2,228)	(10,408)
	-	-
Current		
Considered good	1,364	18,966
	1,364	18,966

*includes dues from related parties. Refer note 33.

**During the year ended March 31, 2018, the Company has written off bad debts amounting to ₹ 1,621 Lakhs (March 31, 2017 : ₹ 4,855 Lakhs) including related party receivables from its allowances for doubtful debts.

As at March 31, 2017, the Company had netted off ₹ 28,735 Lakhs of trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Balance with banks		
In current accounts	211	130
In EEFC accounts	-	21
	211	151
Non-current		
Other balances with banks		
Deposits with remaining maturity for more than 12 months	-	126
	-	126
Less: Disclosed under other balances with banks (Non-current) (refer note 7)	-	(126)
	-	-

For the purpose of the standalone statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance recoverable from former directors [refer note 35(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue	-	2,526
Interest accrued but not due on bank deposits	-	10
	-	2,536

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance income-tax [net of provision for taxation ₹ 612 Lakhs (March 31, 2017: ₹ 665 Lakhs)]	2,494	1,873
	2,494	1,873

12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Minimum alternative tax ('MAT') credit entitlement (refer note 21)	425	478
	425	478

13. Other assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	21	297
	288	564
Current		
Balance with statutory/ government authorities	-	60
Advance recoverable in cash or kind		
Prepaid expenses	48	538
Advance to suppliers	1	169
Expenses incurred on behalf of customers	12	56
	61	823

*Balance represents service tax erroneously paid by the Company during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

Notes to the standalone financial statements for the year ended March 31, 2018

14. Share capital

(₹ in Lakhs)

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2016	545,040,000	54,504
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2016	200,000	196
Increase during the year	-	-
As at March 31, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up*		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14(e)]	55,094,999	5,509
As at March 31, 2018*	562,002,935	56,200

*includes 243,207 (March 31, 2017: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

(a) Terms/ rights attached to equity shares

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

The Company has not declared any dividend during the years ended March 31, 2018 and March 31, 2017.

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

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

Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	27,563,571	4.90	-	-
QVT Singapore Fund Pte. Ltd.	27,531,428	4.90	-	-
QVT Mauritius West Fund & Quintessence Mauritius West Fund	-	-	47,843,816	9.44
Deutsche Bank AG London -CB Account	-	-	17,436,426	3.44
Nomura Singapore Limited	-	-	2,806,956	0.55

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

14. Share capital (contd.)

c) Shares reserved for issue under options (No.)

	As at March 31, 2018	As at March 31, 2017
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 36)		
ESOP III	24,055	92,368
ESOP IV	-	28,301
(ii) FCCBs (refer note 16)		
FCCBs III	-	15,522,785
	24,055	15,643,454

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.)		
[In accordance with the terms of FCCBs III, out of the principal face value of US$ 127.72 Million (₹ 71,593 Lakhs), an amount of US$ 36.32 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012].	89,335,462	89,335,462

e) During the year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

15. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Equity component of compound financial instruments		
Balance as per last financial statements	205	259
Less: Conversion of FCCBs	-	(54)
Less: Transfer to surplus/(deficit) in the statement of profit and loss*	(205)	-
Closing balance	-	205
Capital reserve		
Balance as per last financial statements	-	-
Add: Additions during the year on account of restructuring (refer note 31)	2,776	-
Closing balance	2,776	-
Securities premium		
Balance as per last financial statements	24,501	24,378
Add: Additions during the year on conversion of FCCBs	-	123
Add: Additions during the year on account of preferential issue of equity shares [refer note 14 (e)]	2,204	-
Closing balance	26,705	24,501

Notes to the standalone financial statements for the year ended March 31, 2018

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	6	16
Less: Compensation on ESOP cancelled/lapsed during the year	(5)	(10)
Add: Deferred stock compensation expenses	-	-
Closing balance	1	6
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(13,457)	(12,996)
Add: Profit/(loss) for the year	32	(683)
Add: Residual portion on account of FCCBs conversion	-	255
Add: Transfer from equity component of compound financial instrument*	205	-
Less: OCI - Remeasurement loss on defined benefit obligations	(8)	(33)
Closing balance	(13,228)	(13,457)
Summary of other equity:		
Equity component of compound financial instruments	-	205
Capital Reserve (refer note 31)	2,776	-
Securities premium account	26,705	24,501
General reserve	1,780	1,780
Employee stock options reserve	1	6
Surplus/(deficit) in the statement of profit and loss	(13,228)	(13,457)
Total other equity	18,034	13,035

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/(deficit) in the statement of profit and loss.

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Foreign currency convertible bonds*		
Current maturities of long-term borrowings (secured)	-	2,277
	-	2,277
Less: Disclosed under other financial liabilities (current) (refer note 18)	-	(2,277)
	-	-
Current		
Loans repayable on demand from banks (Secured)		
Loan type - I [refer note (i) & (iii)]	-	5,216
Loan type - II [refer note (i), (ii) and (iii)]	-	3,374
	-	8,590

16. Borrowings (contd.)

*Secured FCCBs were carried at amortized cost at an effective interest rate of 9% p.a. (March 31, 2017: 9% p.a.) with maturity date of July 07, 2017. On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US$ 3.6 Million (₹ 2,336 Lakhs) and paid accrued interest of US$ 0.1 Million (₹ 67 Lakhs) on the aforesaid bonds. On July 6, 2017, the deferred interest in respect of aforesaid bonds for the period July 6, 2012 to January 6, 2016 amounting to US$ 0.72 Million (₹ 467 Lakhs) was paid. As at March 31, 2018, there are no outstanding FCCBs and related interest.

(i) The secured loan from banks were secured by primary charge on customer receivables and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company. Pursuant to the restructuring of the Company, Loan type - I was transferred to Subex Assurance LLP and Loan type - II was repaid on October 31, 2017 and the aforesaid security was released.

(ii) Further, the Company had submitted a corporate guarantee by Subex Technologies Limited of ₹ 4,205 Lakhs and Subex (UK) Limited of ₹ 4,205 Lakhs and pledged it's 100% shares in Subex (UK) Limited. Pursuant to the restructuring, the loan was repaid on October 31, 2017 and the aforesaid securities have been released.

(iii) Loans repayable on demand from bank as at March 31, 2018 consisted of Cash Credit (CC) ₹ Nil (March 31, 2017: ₹ 2,934 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) ₹ Nil (March 31, 2017: ₹ 1,420 Lakhs) and Export Bill Rediscounting (EBRD) ₹ Nil (March 31, 2017: ₹ 4,237 Lakhs), which carried an average interest rate of 10.14%, 3.10% and 4.16% (March 31, 2017: 11.67%, 3.89% and 5.51%) respectively. During the current year, the facilities in relation to Loan type - I were transferred to Subex Assurance LLP and Loan type - II were repaid, pursuant to the restructuring.

17. Trade payables*

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises**	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	415	14,383
	415	**14,383**

*includes dues to related parties. Refer note 33.

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- for explanations on the Company's credit risk management, refer note 40.

**There are no micro, small and medium enterprises to whom the Company owes any dues as at March 31, 2018 and March 31, 2017. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Employee related liabilities	49	694
Interest accrued but not due on borrowings	-	501
Current maturities of long term borrowings (refer note 16)	-	2,277
	49	**3,472**

Notes to the standalone financial statements for the year ended March 31, 2018

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	-	1,001
Statutory dues	51	215
	51	**1,216**

20. Provisions

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Provisions for employee benefits		
Gratuity [refer note 37(b)]	1	250
	1	**250**
Current		
Provisions for employee benefits		
Gratuity [refer note 37(b)]	3	31
Leave benefits	9	135
Provision for litigations*	100	100
	112	**266**

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous years, refer note 35(b) for further details.

21. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Provision for tax [net of advance tax ₹ 234 Lakhs (March 31, 2017: ₹ 202 Lakhs)]	150	182
Provision for foreign taxes	34	276
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2017: ₹ 62 Lakhs)]*	102	102
	286	**560**

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 35(b) for further details.

Income tax expense in the standalone statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax expense:		
Current tax (credit)/ charge	(53)	94
Provision - foreign witholding taxes (net)*	157	254
MAT charge/ (credit)	53	(94)
	157	**254**

Notes:

*Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.

21. Income tax liabilities (net) (contd.)

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit/ (loss) before tax expense	189	(429)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	65	-
Components of tax expense:		
Provision for foreign withholding taxes (net)	157	254
MAT provision at 18.5% on the adjusted book profits of the Company in accordance with the provisions of Income Tax Act, 1961	-	94
Reversal of tax charge in relation to earlier periods	(53)	-
Impact of allowances and disallowances as per Income Tax Act, 1961 (net)	(65)	-
MAT credit entitlement (available)/ reversed on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	53	(94)
Total adjustments (B)	92	254
Total tax expense (A+B)	157	254

22. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	725	1,332
Sale of services	17,268	31,109
	17,993	32,441
Details of products sold		
Sale of license	725	1,168
Sale of hardware and software	-	164
	725	1,332
Details of services rendered		
Implementation and customisation	1,268	3,853
Managed services	2,222	4,035
Support services	2,693	4,498
Sub-contracting services	11,085	18,715
Others	-	8
	17,268	31,109

23. Share of profit/ (loss), (net), from Limited Liability Partnerships*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Share of profit from Subex Assurance LLP	635	-
Share of loss from Subex Digital LLP	(598)	-
	37	-

*refer note 31

Notes to the standalone financial statements for the year ended March 31, 2018

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Write back of withholding taxes paid earlier (refer note 43)	30	1,037
Net gain on disposal of property, plant and equipment	-	1
Miscellaneous income	2	-
Interest income on:		
Security deposits	21	36
Bank deposits	7	11
Inter-company loans and advances	6	168
	66	1,253

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	5,684	7,865
Contribution to provident and other funds	214	331
Staff welfare expenses	350	341
	6,248	8,537

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest		
Foreign currency convertible bonds	95	494
Other borrowings	294	657
Other finance charges	11	21
Bank charges	147	333
	547	1,505

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	155	241
Amortization of intangible assets (refer note 4)	548	32
	703	273

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cost of hardware, software and support charges	398	574
Sub-contract charges	90	148
Rent	765	1,264
Power and fuel	124	185
Repairs and maintenance		
Building	45	108
Others	322	368
Insurance	57	90
Communication costs	75	98
Printing and stationery	38	27
Traveling and conveyance	1,154	1,909
Rates and taxes	130	66
Advertisement and business promotion	87	128
Consultancy charges	483	553
Payments to auditors [refer note 28(i)]	114	122
Sales commission	54	37
Marketing and allied service charges	6,658	11,676
Provision for doubtful debts (net)	(182)	1,094
Exchange fluctuation loss (net)	311	713
Directors sitting fees	73	49
Loss on sale of fixed assets (net)	2	-
Miscellaneous expenses	-	8
	10,798	19,217

28(i). Payments to the auditors*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit fee	87	100
Tax audit fee	4	4
In other capacity		
Other services (certification services)	15	5
Reimbursement of expenses	8	13
	114	122

*Payment to auditors is exclusive of goods and services tax/ service tax.

29. Exceptional items (net)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Inter company balances [refer note 29(i)]		
Provision for doubtful advances no longer required written back	389	1,579
	389	1,579
(ii) Impairment of investments in subsidiaries [refer note 29(ii)]	-	(6,170)
	-	(6,170)
	389	(4,591)

Notes to the standalone financial statements for the year ended March 31, 2018

29(i) Represent, provision for doubtful advances no longer required written back upon collection of the loans and advances from its overseas subsidiaries which were provided during the year ended March 31, 2016.

29(ii) As at March 31, 2017, basis the valuation carried out by an external valuer, the Company had made an impairment provision of ₹6,070 Lakhs and ₹100 Lakhs towards the carrying value of its investment in its subsidiaries viz., Subex Americas Inc. and Subex Technologies Limited, respectively.

30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted EPS:

	Year ended March 31, 2018	Year ended March 31, 2017
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	32	(683)
Weighted average number of equity shares (No. in Lakhs)	**5,554**	**5,063**
Earnings/ (loss) per share basic and diluted (₹ per share)*	0.01	(0.13)

*Employee stock options outstanding as at March 31, 2018 and Employee stock options outstanding and foreign currency convertible bonds outstanding as at March 31, 2017 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its Revenue Maximization Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring", subject to shareholders and other requisite approvals, to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.

The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs.

The Company has accounted for the restructuring in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. Accordingly, the difference between net assets transferred and the capital contribution of ₹ 2,776 Lakhs has been recognised as Capital reserve.

31. Restructuring (contd.)

Balances transferred from Subex Limited to the LLPs pursuant to the restructuring are as follows:

(₹ in Lakhs)

Particulars		SA LLP	SD LLP	Total
Capital contribution	(A)	61,564	1,869	63,433
Net assets:				
Assets:				
Property, plant and equipment		356	23	379
Intangible assets		57	-	57
Investment in Subex (UK) Ltd., UK		64,739	-	64,739
Investment in Subex Middle East (FZE), UAE		27	-	27
Loans and advances		742	81	823
Trade receivables		9,039	-	9,039
Cash and cash equivalents		1,000	300	1,300
Other balances with banks		37	-	37
Other current financial assets		2,076	-	2,076
Other current assets		242	3	245
Total assets (B1)		78,315	407	78,722
Liabilities:				
Borrowings		5,483	-	5,483
Trade payables		10,347	241	10,588
Other current financial liabilities		455	46	501
Other current liabilities		1,082	-	1,082
Provisions		382	29	411
Total liabilities (B2)		17,749	316	18,065
Net assets transferred	(B=B1-B2)	60,566	91	60,657
Capital reserve	(A-B)	998	1,778	2,776

32. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company. The Chief Executive Officer has been identified as the chief operating decision maker.

The Company has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2018	Year ended March 31, 2017
Americas	2,997	5,199
EMEA	10,371	21,047
India	1,607	2,642
APAC and rest of the world	3,018	3,553
	17,993	32,441

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

Notes to the standalone financial statements for the year ended March 31, 2018

32. Segment reporting (contd.)

No external customer individually accounted for more than 10% of the total revenue of the Company during the years ended March 31, 2018 and March 31, 2017. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company. (Refer note 33).

Non-current operating assets by geographical location are as follows**:

(₹ in Lakhs)

Region	As at March 31, 2018	As at March 31, 2017
India	5,912	1,046
Outside India	-	-
Total non-current operating assets	5,912	1,046

**Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

33. Related party transactions

i. Related parties where control exists

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Technologies Inc.(liquidated during the year ended March 31, 2018)

Subex Middle East (FZE)

Subex Assurance LLP (w.e.f. April 5, 2018)

Subex Digital LLP (w.e.f. April 5, 2018)

ii. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up to March 31, 2018)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f April 1, 2018)
	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Sanjeev Aga	Independent Director (Up to October 27, 2016)
Priyanka Roy	Independent Director (Up to March 10, 2017)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

33. Related party transactions (contd.)

iii. Details of the transactions with the related parties during the year ended March 31, 2018:

(₹ in Lakhs)

A. Transactions with wholly owned subsidiaries	Year ended March 31, 2018	Year ended March 31, 2017
Income from software development and services:		
Subex (UK) Limited	5,394	10,587
Subex Inc.	2,479	3,322
Subex (Asia Pacific) Pte. Limited	2,213	1,886
Subex Americas Inc.	288	1,479
Subex Middle East (FZE)	711	1,441
	11,085	18,715
Marketing and allied service charges:		
Subex (UK) Limited	2,710	5,153
Subex Inc.	3,315	5,149
Subex Americas Inc.	244	631
Subex (Asia Pacific) Pte. Limited	356	521
Subex Middle East (FZE)	33	222
	6,658	11,676
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	6	168
	6	168
Employee Stock Option expenses allocated to:		
Subex (UK) Limited	-	1
Subex Inc.	-	1
	-	2
Reimbursement of expenses made to:		
Subex Assurance LLP	408	-
Subex Digital LLP	11	-
Subex (Asia Pacific) Pte. Limited	10	35
Subex (UK) Limited	7	29
Subex Americas Inc.	-	5
Subex Inc.	1	1
Subex Technologies Limited	1	1
	438	71
Reimbursement of expenses received from:		
Subex Assurance LLP	756	-
Subex Digital LLP	69	-
Subex (Asia Pacific) Pte. Limited	21	9
Subex (UK) Limited	29	19
Subex Inc.	8	11
Subex Americas Inc.	1	-
	884	39
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	1,173	(1,579)
Subex Inc.	(793)	3
Subex (Asia Pacific) Pte. Limited	(609)	-
Subex (UK) Limited	(148)	-
Subex Technologies Limited	(12)	-
	(389)	(1,576)

Notes to the standalone financial statements for the year ended March 31, 2018

33. Related party transactions (contd.)

(₹ in Lakhs)

A. Transactions with wholly owned subsidiaries	Year ended March 31, 2018	Year ended March 31, 2017
Bad debts written off:*		
Subex (Asia Pacific) Pte. Limited	-	766
Subex Americas Inc.	480	2,637
	480	3,403
Net off of trade receivables from subsidiaries against trade payables to respective subsidiaries during the year:**		
Subex (Asia Pacific) Pte. Limited	-	513
Subex Inc.	-	12,864
Subex (UK) Limited	-	10,665
Subex Americas Inc.	-	4,693
	-	28,735
Investments in equity shares in wholly owned subsidiaries:		
Subex Technologies Limited	-	100
	-	100
Investment made in form of capital contribution:		
Subex Assurance LLP	61,564	-
Subex Digital LLP	1,869	-
	63,433	-
Share of profit/(loss), (net), from Limited Liability Partnerships:		
Subex Assurance LLP	635	-
Subex Digital LLP	(598)	-
	37	-
Impairment on investment during the year:		
Subex Americas Inc.	-	6,070
Subex Technologies Limited	-	100
	-	6,170
Net assets, including investment, transferred pursuant to restructuring (refer note 31):		
Subex Assurance LLP	60,566	-
Subex Digital LLP	91	-
	60,657	-

(₹ in Lakhs)

B. Transactions with key managerial personnel	Year ended March 31, 2018	Year ended March 31, 2017
Salary and perquisites***		
Vinod Kumar Padmanabhan	54	-
Ashwin Chalapathy	45	-
Mehernaz Dalal	44	-
Surjeet Singh	38	17
Ganesh KV	37	77
	218	94

33. Related party transactions (contd.)

(₹ in Lakhs)

B. Transactions with key managerial personnel	Year ended March 31, 2018	Year ended March 31, 2017
Director sitting fees		
Anil Singhvi	28	22
Nisha Dutt	22	14
Poornima Prabhu	23	-
Sanjeev Aga	-	10
Priyanka Roy	-	3
	73	49

*Bad debts written off during the year ended March 31, 2018 and March 31, 2017 are from allowances for doubtful debts.

**During the year ended March 31, 2017, the Company had netted off trade receivables from its subsidiaries against trade payables to the respective subsidiaries pursuant to approval from its Authorised Dealer.

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

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

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2017: ₹ 770 Lakhs)]	-	2,420
Subex UK Limited [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 148 Lakhs)]	1	6,127
Subex Inc. [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 2,965 Lakhs)]	363	878
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 34 Lakhs (March 31, 2017: ₹ 4,016 Lakhs)]	248	1,188
Subex Middle East (FZE)	-	1,029
Subex Technologies Limited	-	1
Subex Digital LLP	6	-
	618	11,643
Trade payables		
Subex (UK) Limited	-	6,745
Subex Inc.	206	3,679
Subex (Asia Pacific) Pte. Limited	-	992
Subex Americas Inc.	2	1,827
Subex Technologies Limited	-	1
Subex Middle East (FZE)	-	39
Subex Assurance LLP	127	-
	335	13,283
Loans and Advances		
Subex Americas Inc. [Net of provision of ₹ Nil Lakhs (March 31, 2017: ₹ 377 Lakhs)]	-	-
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2017: ₹ 1,718 Lakhs)]	-	-
	-	-
Outstanding guarantees received from (refer note 16):		
Subex Technologies Limited	-	4,205
Subex (UK) Limited	-	4,205
Outstanding guarantees given to:		
Subex Assurance LLP	8,250	-

Notes to the standalone financial statements for the year ended March 31, 2018

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

Loans and advances given to wholly owned subsidiaries:

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Americas Inc.*	-	377	377	1,948
Subex Technologies Limited**	1,706	1,718	1,718	1,718
	1,706		2,095	

*Loans and advances to Subex Americas Inc., have been collected and related provision has been written back ₹ 377 Lakhs (March 31, 2017: ₹ 1,579 Lakhs).

**Loans and advances to Subex Technologies Limited is provided as at March 31, 2018: ₹ 1,706 Lakhs (March 31, 2017: ₹ 1,718 Lakhs).

35. Commitments and contingent liabilities

a) Commitments

Operating leases

The Company is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ Nil Lakhs (March 31, 2017: ₹ 698 Lakhs).

Future minimum lease payments under non-cancellable operating lease payable within one year and subsequently, from balance sheet date is ₹ Nil (March 31, 2017: ₹ Nil).

The Company leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases was ₹ 765 Lakhs (March 31, 2017: ₹ 567 Lakhs)

b) Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Income tax demands [refer note (i)]	12,692	6,982
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Corporate guarantee issued by the Company [refer note (iv) below and note 16]	8,250	-
Bank guarantees (furnished to customers)	6	119

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2014, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

35. Commitments and contingent liabilities (contd.)

ii. Service tax

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

iii. Others

The Company had received certain claims from ex-directors for an amount of ₹ 1,293 Lakhs. The aforesaid claims are disputed by the Company and the matter is presently under arbitration with the arbitration tribunal. The management is of the view that these claims are not tenable. Subsequent to the year ended March 31, 2018, in respect of arbitration concerning one of the ex-directors the Honorable Tribunal has passed an award directing the Company to pay a sum of ₹ 700 Lakhs. The Company has filed an application to set aside the order and has also sought an interim stay in this regard. Basis opinion obtained from its legal counsel, the management is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Company has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2017: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Company, and other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2017: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2017: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

With effect from November 1, 2017, the Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 8,250 Lakhs for the purpose of availing of working capital loan facilities by the said subsidiary.

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

36. Employee stock options plans ('ESOPs')

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

Notes to the standalone financial statements for the year ended March 31, 2018

36. Employee stock options plans ('ESOPs') (contd.)

Employees stock options details as on the balance sheet date are:

	2017-18		2016-17	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Cancelled, surrendered or lapsed during the year				
ESOP – III	68,313	24.67	52,611	26.54
ESOP – IV	28,301	28.44	1,02,199	28.53
Options outstanding at the end of the year				
ESOP – III	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Options exercisable at the end of the year				
ESOP – III	24,055	18.24	92,368	22.99
ESOP – IV	-	-	28,301	28.44

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

	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2017-18	2016-17	2017-18	2016-17
ESOP – III	1.26	1.99	10.26 - 54.83	10.26 - 54.83
ESOP – IV	-	0.67	-	28.44

*considering vesting and exercise period

37. Employee benefit plans

a) Provident fund

The Company makes contributions for qualifying employees to Provident Fund which is defined contribution plan. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 198 Lakhs (March 31, 2017: ₹ 281 Lakhs) for Provident Fund contributions.

b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

37. Employee benefit plans (contd.)

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
A. Change in defined benefit obligation		
Obligations at beginning of the year	425	406
Service cost	42	56
Interest cost	17	30
Benefits settled	(51)	(101)
Actuarial loss (through OCI)	9	34
Liability transferred pursuant to restructuring (refer note 31)	(420)	-
Obligations at end of the year	**22**	**425**
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	144	115
Expected return on plan assets	6	9
Actuarial gain (through OCI)	1	1
Contributions	60	120
Benefits settled	(51)	(101)
Asset transferred pursuant to restructuring (refer note 31)	(142)	-
Plan assets at the end of the year	**18**	**144**
Present value of defined benefit obligation at the end of the year	(22)	(425)
Fair value of plan assets at the end of the year	18	144
C. Net liability recognised in the standalone balance sheet	**(4)**	**(281)**

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
D. Expenses recognised in the standalone statement of profit and loss:		
Service cost	42	56
Interest cost (net)	11	21
Net gratuity cost	**53**	**77**
E. Re-measurement gains/(losses) in OCI		
Actuarial loss due to financial assumption changes	-	11
Actuarial loss due to experience adjustments	9	23
Actuarial gain - return on plan assets greater than discount rate	(1)	(1)
Total expenses recognised through OCI	**8**	**33**
F. Assumptions		
Discount rate	7.60%	7.00%
Expected return on plan assets	7.00%	7.60%
Salary escalation	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Notes to the standalone financial statements for the year ended March 31, 2018

37. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
G. Five years pay-outs		
Year 1	3	31
Year 2	3	60
Year 3	3	57
Year 4	3	55
Year 5	3	51
After 5th Year	20	340
H. Contribution likely to be made for the next one year	3	120

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(1)	1	(9)	10
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	1	(1)	16	(15)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(1)	1	(9)	8

38. Capital management

The Company's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Total equity attributable to the share holders of the Company*	74,234	63,726
Borrowings - Current**	-	8,590
Current maturities of long term borrowings***	-	2,277
B. Total loans and borrowings	-	10,867
C. Total capital (A+B)	74,234	74,593
D. Total loans and borrowings as a percentage of total capital (B/C)	-	15%
E. Total equity as a percentage of total capital (A/C)	100%	85%

*The Company has made preferential allotment of equity shares during the current year. Refer note 14(e).

38. Capital management (contd.)

**As at March 31, 2017 the current borrowings were in the nature of working capital loans from State Bank of India and Axis Bank. During the year, entire loan from State Bank of India has been paid off and loan from Axis bank has been transferred to Subex Assurance LLP pursuant to restructuring (refer note 31).

***Current maturities of long term borrowings as at March 31, 2017 represented FCCBs III of ₹ 2,277 Lakhs and have been repaid on May 15, 2017.

Accordingly, the Company is entirely supported by equity funds as at March 31, 2018.

39. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	-	10
Trade receivables*	1,364	18,966
Unbilled revenue*	-	2,526
Security deposits^	35	349
Loans and advances to employees*	6	180
	1,405	**22,031**
Cash and cash equivalents and other balances with banks		
Balance with banks#	211	151
Margin money deposits#	-	126
	211	**277**
Financial liabilities measured at amortized cost		
Employee related liabilities*	49	694
Trade payables*	415	14,383
Interest accrued but not due on borrowings^	-	501
Borrowings^	-	10,867
	464	**26,445**

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

#These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

40. Financial risk management:

The Company's activities expose it to the following risks:

i. Credit risk

ii. Interest rate risk

iii. Liquidity risk

iv. Market risk

i. Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

Notes to the standalone financial statements for the year ended March 31, 2018

40. Financial risk management (contd.)

a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Company's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Company is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,364	18,966
Unbilled revenue	-	2,526
Total	**1,364**	**21,492**

The Company evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counter-party credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates for the period the Company was holding the debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's loss before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018*		Year ended March 31, 2017	
	Change in interest rate	Effect on loss before exceptional items and tax expense	Change in interest rate	Effect on profit before exceptional items and tax expense
Working capital loans	+1%	54	+1%	(94)
	-1%	(54)	-1%	94

* The Company does not have any outstanding working capital loans as at March 31, 2018.

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	211	151
Other balances with banks	-	126
	211	277

40. Financial risk management: (contd.)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2018					
Trade payables	80	-	335	-	415
Borrowings	-	-	-	-	-
Other financial liabilities	-	49	-	-	49
	80	49	335	-	464
As at March 31, 2017					
Trade payables	238	9,399	253	4,493	14,383
Borrowings	-	10,924	-	-	10,924
Other financial liabilities	-	1,199	-	-	1,199
	238	21,522	253	4,493	26,506

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Company has exposures to United States Dollars ('US$'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

March 31, 2018

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	US$	GBP	AED	Others	
Financial assets					
Trade receivables	607	1	-	251	859
Other financial assets	-	-	-	-	-
Total financial assets	607	1	-	251	859
Financial liabilities					
Borrowings	-	-	-	-	-
Trade payables	208	-	-	-	208
Other financial liabilities	-	-	-	-	-
Total financial liabilities	208	-	-	-	208
Net financial assets/ (liabilities)	399	1	-	251	651

March 31, 2017

(₹ in Lakhs)

Particulars	Denominated Currency				Total
	US$	GBP	AED	Others	
Financial assets					
Trade receivables	8,267	6,125	1,668	2,090	18,150
Other financial assets	2,057	-	42	112	2,211
Total financial assets	10,324	6,125	1,710	2,202	20,361
Financial liabilities					
Borrowings	2,786	1,979	73	818	5,656
Trade payables	6,124	6,697	100	683	13,604
Other financial liabilities	2,794	-	3	3	2,800
Total financial liabilities	11,704	8,676	176	1,504	22,060
Net financial assets/ (liabilities)	(1,380)	(2,551)	1,534	698	(1,699)

Notes to the standalone financial statements for the year ended March 31, 2018

40. Financial risk management: (contd.)

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the loss before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.04%. (Previous year ended March 31, 2017: profit before exceptional items to decrease or increase respectively by 0.02%).

41. Standards issued but not yet effective:

Ind AS 115- Revenue from contract with customers:

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognized at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognized at the date of initial application

The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

Ind AS 21 - Appendix B:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements and impact of the aforesaid on its financial statements.

Notes to the standalone financial statements for the year ended March 31, 2018

42. As per section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding years and accordingly, is not required to spend any amount during the current year for this purpose. Accordingly, the Company has not made any expenditure during the year ended March, 2018. Subsequent to the year end, on April 20, 2018, the Company has voluntarily incurred an expense of ₹ 10 lakhs towards CSR activities.

43. The Company had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, are recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group has adjusted withholding taxes of ₹ 30 Lakhs (March 31, 2017: ₹ 1,037 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.

44. The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2018 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone financial statements, particularly on account of tax expense and that of provision for taxation.

45. Consequent to the restructuring more fully described in note 1 and 31, the current year figures are not comparable to previous year figures. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year's classification.

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937

Mehernaz Dalal
Chief Financial Officer

Place: Bengaluru
Date: May 04, 2018

FORM AOC 1

(Information in respect of each subsidiary to be presented)

(₹ in Lakhs)

Particulars	Name of the subsidiary								
	Subex (Asia Pacific) Pte Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Inc.	Subex Technologies Ltd.***	Subex Middle East	Subex Tech-nologies Inc^	Subex Assurance LLP	Subex Digital LLP
Reporting period of the subsidiary concerned	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	-	April 5, 2017 to March 31, 2018	April 5, 2017 to March 31, 2018
Reporting Currency	SGD	GBP	US$	US$	INR	AED	-	INR	INR
Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	49.82	92.28	65.17	65.17	1.00	17.75		1.00	1.00
Share Capital/Partners Capital and current account	3,986	41	49,806	-	500	27	-	62,200	1,271
Reserve & surplus	(3,205)	5,576	(44,691)	(2,985)	(475)	32	-	-	-
Total Assets	1,661	13,903	5,544	2,631	87	809	-	77,493	1,780
Total Liabilities	880	8,286	429	5,616	62	750	-	15,293	509
Investments	-	4,482	1	-	-	-	-	21,476	-
Turnover*	2,992	16,398	851	9,353	-	1,132	-	12,813	33
Profit/(loss) before tax	(550)	(5,391)	6,266	128	4	83	-	1,125	(598)
Profit/(loss) after tax	(654)	(5,308)	6,264	86	4	(14)	-	635	(598)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of Shareholding**	100%	100%	100%	100%	100%	100%	-	100%	100%
Date of acquisition	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	-	April 5, 2017	April 5, 2017

^ Liquidated during the year.

* Turnover Includes Intercompany Transactions

** inlcuding % of holding either directly or indirectly through subsidiaries.

*** Represents non-operating company.

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of
Subex Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of Subex Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Company, which are incorporated in India as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors of the the Holding Company and its Subsidiary Company is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its Subsidiary Company, which are incorporated in India, refer to our separate report in "Annexure I" to this report; and

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

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 34 (b) to the Consolidated Ind AS Financial Statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company, which are incorporated in India during the year ended March 31, 2018.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place: Bengaluru
Date: May 04, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Subex Limited

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

We have audited the internal financial controls over financial reporting of Subex Limited ("the Holding Company") and its Subsidiary Company, which are incorporated in India, as of and for the year ended March 31, 2018 in conjunction with our audit of the Consolidated Ind AS Financial Statements of Subex Limited and its Subsidiary Company as of and for the year then ended.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary Company, which are incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal controls over financial reporting criteria established by the Holding Company and its Subsidiary Company considering the essential components of internal controls stated in the Guidance Note.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place: Bengaluru
Date: May 04, 2018

Consolidated balance sheet as at March 31, 2018

(₹ in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	656	785
Goodwill on consolidation	5	65,882	65,882
Other intangible assets	4	63	138
Financial assets			
Loans	6	439	399
Other balances with banks	7	75	258
Other financial assets	10	234	234
Income tax assets (net)	11	2,810	1,977
Deferred tax assets	12	552	478
Other non-current assets	13	537	564
		71,248	70,715
Current assets			
Financial assets			
Loans	6	134	196
Trade receivables	8	9,290	11,851
Cash and cash equivalents	9	3,007	7,386
Other balances with banks	7	295	-
Other financial assets	10	5,250	4,508
Other current assets	13	544	1,013
		18,520	24,954
Total assets		89,768	95,669
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	50,691
Other equity	15	21,745	17,718
Total equity		77,945	68,409
Liabilities			
Non-current liabilities			
Provisions	20	280	297
Deferred tax liabilities(net)	21	826	-
		1,106	297
Current liabilities			
Financial liabilities			
Borrowings	16	3,215	8,590
Trade payables	17	1,331	1,805
Other financial liabilities	18	1,511	11,922
Other current liabilities	19	3,230	3,085
Provisions	20	712	677
Income tax liabilities (net)	22	718	884
		10,717	26,963
Total liabilities		11,823	27,260
Total equity and liabilities		89,768	95,669
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Consolidated statement of profit and loss for the year ended March 31, 2018

(₹ in Lakhs)

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
1	Income			
	Revenue from operations	23	32,432	35,733
	Other income	24	140	1,154
	Total income		32,572	36,887
2	Expenses			
	Employee benefits expense	25	17,471	15,871
	Finance costs	26	775	2,040
	Depreciation and amortization expense	27	517	495
	Other expenses	28	11,534	10,953
	Total expenses		30,297	29,359
3	Profit before exceptional items and tax expense (1-2)		2,275	7,528
4	Exceptional items (net)	29	1,166	(10,890)
5	Profit/ (loss) before tax expense (3+4)		3,441	(3,362)
6	Tax expense (net)(refer note 22):			
	Current tax (credit)/ charge		(171)	243
	Provision - foreign withholding taxes (net)		789	812
	MAT charge/ (credit)		53	(94)
	Deferred tax charge (net)		702	-
			1,373	961
7	Profit/ (loss) for the year (5-6)		2,068	(4,323)
8	Other comprehensive income ('OCI'), net of tax expense			
	Items that will be reclassified subsequently to profit or loss:			
	Net exchange differences on translation of foreign operations		(210)	(1,344)
	Items that will not be reclassified subsequently to profit or loss:			
	Re-measurement loss on defined benefit plans		(30)	(32)
			(240)	(1,376)
9	Total comprehensive income for the year attributable to equity holders of the Company (7+8)		1,828	(5,699)
10	Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2017 : ₹ 10)]	30	0.37	(0.85)
Corporate information and significant accounting policies		1 & 2		
The accompanying notes are an integral part of the consolidated financial statements				

As per our report of even date

For and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
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Nisha Dutt
Director
DIN : 06465957

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Consolidated statement of changes in equity for the year ended March 31, 2018

A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	**506,907,936**	**50,691**
Issued during the year - Preferential issue of equity shares**	55,094,999	5,509
As at March 31, 2018	**562,002,935**	**56,200**

B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						
	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	Total
As at April 1, 2016	259	24,378	1,780	16	6,935	(10,267)	23,101
Less: Loss for the year	-	-	-	-	(4,323)	-	(4,323)
Less: Other comprehensive income	-	-	-	-	(32)	(1,344)	(1,376)
Add/ (less): On account of conversion of FCCBs	(54)	123	-	-	256	-	325
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	(9)	-	-	(9)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2017	205	24,501	1,780	7	2,836	(11,611)	17,718
Add: Profit for the year	-	-	-	-	2,068	-	2,068
Less: Other comprehensive income	-	-	-	-	(30)	(1,376)	(1,406)
Add: Other comprehensive income - Foreign currency translation reserve gain on liquidation of subsidiary [refer note 29(b)(ii)]	-	-	-	-	-	1,166	1,166
Add/ (less): On account of repayment of FCCBs*	(205)	-	-	-	205	-	-
Add: Additions during the year on account of preferential issue of equity shares**	-	2,204	-	-	-	-	2,204
Less: Compensation on ESOP cancelled/lapsed during the year	-	-	-	(5)	-	-	(5)
Add: Deferred stock compensation expenses	-	-	-	-	-	-	-
As at March 31, 2018	-	26,705	1,780	2	5,079	(11,821)	21,745
Corporate information and significant accounting policies (refer notes 1 & 2)							
The accompanying notes are an integral part of the standalone financial statements							

*Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/ (deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

As per our report of even date

For and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Consolidated statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) Operating activities		
Profit/ (loss) before tax expense	3,441	(3,362)
Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:		
Depreciation of property, plant and equipment	439	459
Amortization of intangible assets	78	36
Gain on disposal of property, plant and equipment (net)	-	(1)
Interest income (including fair value changes)	(54)	(63)
Finance costs (including fair value changes)	775	2,040
Provision for doubtful debts and advances (net of reversal)	(32)	1,203
Impairment of goodwill (exceptional item)	-	10,890
Foreign currency translation reserve gain on liquidation of subsidiary (exceptional item)	(1,166)	-
Write back of withholding taxes paid earlier	(30)	(1,037)
Amortised cost of deposits	50	53
Fair value change in financial instruments	(62)	21
Net foreign exchange differences	250	(320)
Operating profit before working capital changes	3,689	9,919
Working capital adjustments:		
(Increase)/decrease in loans	43	(32)
(Increase)/decrease in trade receivables	2,943	(2,745)
(Increase)/decrease in other financial assets	(395)	(2,174)
(Increase)/decrease in other assets	488	(308)
Increase/ (decrease) in trade payables	(421)	193
Increase/ (decrease) in other financial liabilities	211	(159)
Increase/ (decrease) in other current liabilities	381	1,928
Increase/ (decrease) in provisions	52	8
	6,991	6,630
Income tax paid (including TDS, net of refund)	(1,626)	(1,238)
Net cash flows from operating activities	5,365	5,392
(B) Investing activities		
Purchase of property, plant and equipment	(285)	(604)
Purchase of intangible assets	(2)	(92)
Proceeds from sale of property, plant and equipment	2	2
Movement in deposits (net)	(95)	(29)
Interest received	31	20
Net cash flows used in investing activities	(349)	(703)

Consolidated statement of cash flows for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) Financing activities		
Movement in working capital loans (net)	(5,424)	(1,981)
Interest paid	(1,255)	(1,258)
Preferential issue of equity shares	7,713	-
Repayment of term loans	(7,782)	-
Repayment of borrowings (FCCBs)	(2,336)	(2,249)
Net cash flows used in financing activities	**(9,084)**	**(5,488)**
(D) Net decrease in cash and cash equivalents (A+B+C)	**(4,068)**	**(799)**
Net foreign exchange difference	(311)	(415)
Cash and cash equivalents at the beginning of the year	7,386	8,600
(E) Cash and cash equivalents at year end (refer note 9)	**3,007**	**7,386**
Corporate information and significant accounting policies (refer notes 1 & 2)		
The accompanying notes are an integral part of the consolidated financial statements		

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Notes to the consolidated financial statements for the year ended March 31, 2018

1. Corporate information

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

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

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Also, refer note 31 in this regard.

These consolidated financial statements for the year ended March 31, 2018 comprise financial statements of Subex Limited and its subsidiaries (collectively hereafter referred to as "the Group").

These consolidated financial statements for the year ended March 31, 2018 are approved by the Board of Directors on May 04, 2018.

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of the subsidiary	Country of incorporation	% of holding and voting power either directly or indirectly through subsidiaries as at	
		March 31, 2018	March 31, 2017
Subex Americas Inc.	Canada	100	100
Subex (UK) Limited*	United Kingdom	100	100
Subex Inc.	United States of America	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	100	100
Subex Middle East, FZE*	United Arab Emirates	100	100
Subex Technologies Limited**	India	100	100
Subex Technologies Inc. ^	United States of America	-	100
Subex Azure Holdings Inc.**	United States of America	100	100
Subex Assurance LLP***	India	100	-
Subex Digital LLP***	India	100	-

*Pursuant to restructuring, the Company has transferred its investment in Subex (UK) Limited and Subex Middle East, FZE to Subex Assurance LLP w.e.f November 1, 2017. Refer above and note 31.

**Represents non-operating companies.

***Incorporated/ registered on April 5, 2017.

^ Liquidated during the current year.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR ("₹") and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018 as disclosed in Note 1. Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent, to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in 'Other Equity', in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.

iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

Notes to the consolidated financial statements for the year ended March 31, 2018

c. Use of estimates, assumptions and judgements

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

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

Revenue recognition

The Group uses the percentage of completion method in accounting for revenue from implementation and customisation projects. Use of the percentage of completion method requires the Group to estimate the completed efforts as a proportion of the total efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become probable based on the expected contract estimates at the reporting date.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 5.

Impairment of financial assets

In accordance with Ind AS 109, the Group assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Group provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(j).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

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

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

Fair Value measurement of financial instruments

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

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 35.

Taxes

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(r) and note 21.

d. Current/ non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

e. Business combination and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes to the consolidated financial statements for the year ended March 31, 2018

f. **Revenue recognition**

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

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

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

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

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

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

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

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

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

Interest

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

g. **Property, plant and equipment**

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

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

h. Intangible assets (excluding goodwill on consolidation)

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

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

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

i. Depreciation and amortization

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

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

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years

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

j. Impairment

Financial Assets

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

Impairment of non-financial assets

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

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

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

k. Leases

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

Group as a lessee:

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

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

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

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

l. Financial instruments

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

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

Cash and cash equivalents

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

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Derecognition of financial assets and liabilities

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

Embedded derivatives

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

Compound financial instruments

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

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

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

Reclassification of financial assets

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

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

m. Borrowing cost

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

n. Consolidated statement of cash flows

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

o. Employee share based payments

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

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

p. **Employee benefits**

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

Long-term employee benefits

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

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

q. **Foreign currencies**

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

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

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

Notes to the consolidated financial statements for the year ended March 31, 2018

r. Taxes on income

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

Current income tax

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

Deferred income tax

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

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

s. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

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

t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

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

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

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

Notes to the consolidated financial statements for the year ended March 31, 2018

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2016	915	23	1	85	1,024
Additions	569	11	11	12	603
Disposals	(1)	-	-	-	(1)
Exchange differences	(11)	(1)	-	(4)	(16)
As at March 31, 2017	1,472	33	12	93	1,610
Additions	267	1	1	16	285
Disposals	(14)	-	-	(2)	(16)
Exchange differences	27	2	-	3	32
As at March 31, 2018	1,752	36	13	110	1,911
Depreciation					
As at April 1, 2016	350	5	-	21	376
Charge for the year	430	7	2	20	459
Disposals	-	-	-	-	-
Exchange differences	(10)	-	-	-	(10)
As at March 31, 2017	770	12	2	41	825
Charge for the year	410	6	2	21	439
Disposals	(12)	-	-	-	(12)
Exchange differences	3	-	-	-	3
As at March 31, 2018	1,171	18	4	62	1,255
Net block					
As at March 31, 2017	702	21	10	52	785
As at March 31, 2018	581	18	9	48	656

4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
Cost		
As at April 1, 2016	131	131
Additions	92	92
Disposals	-	-
Exchange differences	-	-
As at March 31, 2017	223	223
Additions	2	2
Disposals	-	-
Exchange differences	1	1
As at March 31, 2018	226	226
Amortization		
As at April 1, 2016	49	49
Amortization for the year	36	36
Disposals	-	-
Exchange differences	-	-
As at March 31, 2017	85	85
Amortization for the year	78	78
Disposals	-	-
Exchange differences	-	-
As at March 31, 2018	163	163
Net block		
As at March 31, 2017	138	138
As at March 31, 2018	63	63

Note: Refer note 16 for the assets given on security.

5. Goodwill on consolidation

Following is the movement of carrying value of Goodwill:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Carrying value as per last financial statement	65,882	76,772
Less: Impairment of goodwill [refer note 29 (i)]	-	(10,890)
Closing balance	65,882	65,882

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Revenue Management Solutions ('RMS')	62,156	62,156
Data Integrity Management ('DIM')	3,726	3,726
	65,882	65,882

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below:

	As at March 31, 2018	As at March 31, 2017
Growth rate	7% to 31%	8% to 28%
Operating margins	24% to 36%	23% to 29%
Discount rate	12% to 14%	13% to 14%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

As at March 31, 2018, the Group assessed the carrying value of its goodwill along with the carrying value of related CGUs, based on future operational plan, projected cash flows and valuation carried out by an external valuer. Considering the aforesaid valuation, the management is of the view that, the carrying value of its goodwill as at March 31, 2018 is appropriate.

As at March 31, 2017, the Company had recognized a loss on impairment of goodwill related to its RMS CGU of ₹ 4,880 Lakhs and DIM CGU of ₹ 6,010 Lakhs. Also, refer note 29(i).

6. Loans

(Unsecured, considered good)

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Security deposits	439	399
	439	399
Current		
Loans and advances to employees	134	196
	134	196

Notes to the consolidated financial statements for the year ended March 31, 2018

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other bank balances (refer note 9)		
Margin money deposits	75	258
	75	258
Current		
Other bank balances (refer note 9)		
Margin money deposits	295	-
	295	-

8. Trade receivables

Unsecured

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Considered doubtful	1,346	2,596
Less: Allowances for doubtful debts*	(1,346)	(2,596)
	-	-
Current		
Considered good	9,290	11,851
	9,290	11,851

*During the year ended March 31, 2018, the Group has written off bad debts amounting to ₹ 1,242 Lakhs (March 31, 2017 : ₹ 1,572 Lakhs), from its allowance for doubtful debts.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Balance with banks		
In current accounts	3,006	7,364
In EEFC accounts	-	21
Cash on hand	1	1
A	3,007	7,386
Other balances with banks		
Deposits with remaining maturity for more than 3 months and less than 12 months	295	-
	295	-
Less: Disclosed under Other balances with banks (Current) (refer note 7)	(295)	-
B	-	-
(A+B)	3,007	7,386

9. Cash and cash equivalents (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Other balances with banks		
Deposits with remaining maturity for more than 12 months	75	258
	75	258
Less: Disclosed under Other balances with banks (Non-current) (refer note 7)	(75)	(258)
	-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue	5,247	4,497
Interest accrued but not due on bank deposits	3	11
	5,250	4,508

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Advance income-tax [net of provision for taxation ₹ 688 Lakhs (March 31, 2017: ₹ 706 Lakhs)]	2,810	1,977
	2,810	1,977

12. Deferred tax assets (net)*

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Minimum alternative tax ('MAT') credit entitlement (refer note 22)	425	478
A	425	478
Deferred tax assets (net)		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense as per statement of profit and loss	10	-
Losses available for offsetting against future taxable profits	40	-
Provision for employee benefits and others	77	-
B	127	-
(A+B)	552	478

*Also, refer note 22

Notes to the consolidated financial statements for the year ended March 31, 2018

13. Other assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	270	297
	537	564
Current		
Balance with statutory/ government authorities	-	80
Advance recoverable in cash or kind		
Prepaid expenses	418	671
Advance to suppliers	30	193
Expenses incurred on behalf of customers	96	69
	544	1,013

*Balances represents service tax erroneously paid by the Group during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

14. Share capital

	No.	₹ in Lakhs
Authorized share capital		
Equity shares of ₹ 10 each		
As at April 1, 2016	545,040,000	54,504
Increase during the year	-	-
As at March 31, 2017	545,040,000	54,504
Increase during the year	43,000,000	4,300
As at March 31, 2018	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2016	200,000	196
Increase during the year	-	-
As at March 31, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up*		
As at April 1, 2016	502,811,646	50,281
Issued during the year - Conversion of FCCBs	4,096,290	410
As at March 31, 2017	506,907,936	50,691
Issued during the year - Preferential issue of equity shares [refer note 14 (e)]	55,094,999	5,509
As at March 31, 2018	562,002,935	56,200

*includes 243,207 (March 31, 2017: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

14. Share capital(contd.)

(a) Terms/ rights attached to equity shares

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

The Group had not declared any dividend during the year ended March 31, 2018 and March 31, 2017.

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

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

Equity shares of ₹ 10 each issued, subscribed and fully paid-up

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	No.	% of total shares	No.	% of total shares
Tonbridge (Mauritius) Limited and Leeds (Mauritius) Limited	27,563,571	4.90	-	-
QVT Singapore Fund Pte. Ltd	27,531,428	4.90	-	-
QVT Mauritius West Fund & Quintessence Mauritius West Fund	-	-	47,843,816	9.44
Deutsche Bank AG London -CB Account	-	-	17,436,426	3.44
Nomura Singapore Limited	-	-	2,806,956	0.55

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

(c) Shares reserved for issue under options (No.)

	As at March 31, 2018	As at March 31, 2017
(i) Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP III	24,055	92,368
ESOP IV	-	28,301
(ii) FCCBs (refer note 16)		
FCCBs III	-	15,522,785
	24,055	15,643,454

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares (No.)		
Equity shares allotted as fully paid-up pursuant to contract (no.)	89,335,462	89,335,462
[In accordance with the terms of FCCBs III, out of the principal face value of US$ 128 Million (₹ 71,593 Lakhs), an amount of US$ 36 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012]		

(e) During the year ended March 31, 2018, the Company made an allotment of 55,094,999 equity shares of the Company on a preferential basis at an issue price of ₹ 14 per equity share (Face value of ₹ 10 per equity share) amounting to ₹ 7,713 Lakhs under section 42 of the Companies Act, 2013.

Notes to the consolidated financial statements for the year ended March 31, 2018

15. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Equity component of compound financial instruments		
Balance as per last financial statements	205	259
Less: Conversion of FCCBs	-	(54)
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	(205)	-
Closing balance	-	205
Securities premium		
Balance as per last financial statements	24,501	24,378
Add: Additions during the year on conversion of FCCBs	-	123
Add: Additions during the year on account of preferential issue of equity shares [refer note 14 (e)]	2,204	-
Closing balance	26,705	24,501
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	7	16
Less: Compensation on ESOP cancelled/lapsed during the year	(5)	(9)
Add : Deferred stock compensation expenses	-	-
Closing balance	2	7
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	2,836	6,935
Add: Profit/ (loss) for the year	2,068	(4,323)
Add: Residual portion of FCCBs conversion	-	256
Add: Transfer from equity component of compound financial instrument*	205	-
Less: OCI - Re-measurement losses on defined benefit obligations	(30)	(32)
Closing balance	5,079	2,836
Exchange reserve on consolidation		
Balance as per last financial statements	(11,611)	(10,267)
Add: Effect of foreign exchange rate variations during the year	(1,376)	(1,344)
Less: On account of liquidation of foreign subsidiary [refer note 29(ii)]	1,166	-
Closing balance	(11,821)	(11,611)

* Upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, has been transferred to surplus/ (deficit) in the statement of profit and loss.

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<u>Summary of other equity:</u>		
Equity component of compound financial instruments	-	205
Securities premium account	26,705	24,501
General reserve	1,780	1,780
Employee stock options reserve	2	7
Surplus/ (deficit) in the statement of profit and loss	5,079	2,836
Exchange reserve on consolidation	(11,821)	(11,611)
Total other equity	21,745	17,718

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non - current		
Foreign currency convertible bonds*		
Current maturities of long-term borrowings (secured):	-	2,277
Term loans**		
Current maturities of long-term borrowings (unsecured)	-	7,782
	-	10,059
Less: Disclosed under other financial liabilities (current) (refer note 18)	-	(10,059)
	-	-
Current		
Loans repayable on demand from banks (Secured)		
Loan type - I [refer note (i) & (iii)]	3,215	5,216
Loan type - II [refer note (i), (ii) and note (iii)]	-	3,374
	3,215	8,590

* Secured FCCBs were carried at amortized cost at an effective interest rate of 9% p.a. (March 31, 2017: 9% p.a.) with maturity date of July 07, 2017. On June 30, 2017, the Company redeemed outstanding FCCBs III amounting to US$ 3.6 Million (₹ 2,336 Lakhs) and paid accrued interest of US$ 0.1 Million (₹ 67 Lakhs) on the aforesaid bonds. On July 6, 2017, the deferred interest in respect of aforesaid bonds for the period July 6, 2012 to January 6, 2016 amounting to US$ 0.72 Million (₹ 467 Lakhs) was paid. As at March 31, 2018, there are no outstanding FCCBs and related interest.

** Represents loan taken by Subex Americas Inc., which had been guaranteed by Subex (UK) Limited. This loan was carried at amortized cost at an effective interest rate of 9.5% p.a. (March 31, 2017: 9.5% p.a.). The loan of US$ 12 Million (₹ 7,782 Lakhs) has been repaid on May 15, 2017 and the guarantee by Subex (UK) Limited was released.

(i) The secured loan from banks were secured by primary charge on customer receivables and paripassu first charge on the current assets of the Company, and collateral paripassu first charge on the fixed assets of the Company. Pursuant to the restructuring of the Company Loan type - I was transferred to Subex Assurance LLP and Loan type - II was repaid on October 31, 2017 and the aforesaid security was released.

    Subsequently Loan type - I is secured by primary charge on customer receivables and current assets of Subex Assurance LLP ("SA LLP"), and collateral charge on the fixed assets of SA LLP.

    Further, Loan type - I is also guaranteed by the Company. Also, refer note 34(b)(iv).

(ii) The Company had submitted a corporate guarantee by Subex Technologies Limited of ₹ 4,205 Lakhs and Subex (UK) Limited of ₹ 4,205 Lakhs and pledged it's 100% shares in Subex (UK) Limited. Pursuant to the restructuring, the Loan type - II was repaid on October 31, 2017 and the aforesaid securities have been released.

(iii) Loans repayable on demand from bank as at March 31, 2018 consisted of Cash Credit (CC) of ₹ Nil (March 31, 2017: ₹ 2,934 Lakhs), Pre-shipment Credit in Foreign Currency (PCFC) of ₹ 3,215 Lakhs (March 31, 2017: ₹ 1,420 Lakhs), and Export Bill Rediscounting (EBRD) of ₹ Nil (March 31, 2017: ₹ 4,237 Lakhs), which carried an average interest rate of 9.71%, 3.27%, and 4.54% (March 31, 2017: 11.67%, 3.89% and 5.51%) respectively. During the current year, the facilities in relation to Loan type - I were transferred to Subex Assurance LLP and Loan type - II were repaid, pursuant to the restructuring.

Notes to the consolidated financial statements for the year ended March 31, 2018

17. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,331	1,805
	1,331	**1,805**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 - 45 days terms.
- For explanations on the Group's liquidity risk management, refer note 40.

**There are no micro, small and medium enterprises to whom the Company owes any dues as at March 31, 2018 and March 31, 2017. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Employee related liabilities	1,511	1,362
Interest accrued but not due on borrowings	-	501
Current maturities of long term borrowings (refer note 16)	-	10,059
	1,511	**11,922**

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	2,086	2,120
Statutory dues	1,144	965
	3,230	**3,085**

20. Provisions

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	280	297
	280	**297**
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	89	43
Leave benefits	523	534
Provision for litigations*	100	100
	712	**677**

*Provision for litigations consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b) for further details.

21. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Deferred tax liabilities		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense as per statement of profit and loss	1,693	-
A	1,693	-
Deferred tax assets		
Provision for employee benefits and others	65	-
Losses available for offsetting against future taxable profits	802	-
B	867	-
(A-B)	826	-

22. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for tax [net of advance tax ₹ 250 Lakhs (March 31, 2017: ₹ 367 Lakhs)]	162	235
Provision for foreign taxes	394	487
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2017: ₹ 62 Lakhs)]*	162	162
	718	884

*Provision for litigation consists of matters which are sub-judice. There is no movement in the provision during the current and previous year, refer note 34(b) for further details.

Income tax expense in the consolidated statement of profit and loss consist of the following:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax expense:		
Current tax (credit)/ charge	(171)	243
Provision - foreign withholding taxes(net) [refer note 22(i)]	789	812
MAT charge / (credit)	53	(94)
Deferred tax charge (net) [refer note 22(ii)]	702	-
Total tax expense	1,373	961

Notes:

22(i) Provision for foreign withholding taxes represents provision in respect of withholding taxes deducted/ deductible by customers.

22(ii) Deferred tax charge, comprises of deferred tax liability arising on account of tax benefits from amortization of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of restructuring.

Notes to the consolidated financial statements for the year ended March 31, 2018

22. Income tax liabilities (net)(contd.)

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit/ (loss) before tax	3,441	(3,362)
Applicable tax rates in India	34.61%	34.61%
Computed tax charge (A)	1,191	-
Components of tax expense:		
Provision for foreign withholding taxes (net)	789	812
MAT provision at 18.5% on the adjusted book profits of the Company in accordance with the provisions of Income Tax Act, 1961	-	94
Reversal of tax charge in relation to earlier period	(53)	-
Tax expense/ (reversal) on taxable income of foreign subsidiaries with differential tax rates	(242)	149
Impact of non-taxable income*	(404)	-
Impact of other allowances and disallowances as per Income Tax Act, 1961 (net)	39	-
MAT credit entitlement (available)/ reversed on the MAT provision as mentioned above as per the provisions of Income Tax Act, 1961	53	(94)
Total adjustments (B)	182	961
Total tax expense (A+B)	1,373	961

*Represents tax impact on foreign currency translation reserve amounting to ₹ 1,166 Lakhs, which is credited to the consolidated statement of profit and loss upon completion of liquidation of its subsidiary. Refer note 29(ii).

23. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	3,193	4,771
Sale of services	29,239	30,962
	32,432	35,733
Details of products sold		
Sale of license	3,193	4,488
Sale of hardware and software	-	283
	3,193	4,771
Details of services rendered		
Implementation and customization	7,504	8,656
Managed services	10,870	10,913
Support services	10,865	11,138
Others	-	255
	29,239	30,962

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Write back of withholding taxes paid earlier (refer note 43)	30	1,037
Net gain on disposal of property, plant and equipment	-	1
Miscellaneous income	56	53
Interest income on:		
Security deposits	31	36
Bank deposits	23	27
	140	1,154

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages*	15,674	14,210
Contribution to provident and other funds	1,112	1,127
Staff welfare expenses	685	534
	17,471	**15,871**

*Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 725 Lakhs (March 31, 2017: ₹ 700 Lakhs).

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest		
Foreign currency convertible bonds	95	494
Term loan	-	464
Other borrowings	326	657
Other finance charges	21	23
Bank charges	333	402
	775	**2,040**

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	439	459
Amortization of other intangible assets (refer note 4)	78	36
	517	**495**

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cost of hardware, software and support charges	577	943
Sub-contract charges	1,549	1,603
Rent	1,767	1,803
Power and fuel	210	201
Repairs and maintenance		
Building	128	159
Others	646	500
Insurance	111	112
Communication costs	308	331
Printing and stationery	54	34
Traveling and conveyance	2,549	3,082
Rates and taxes	212	109
Advertisement and business promotion	418	400
Consultancy charges	950	785
Payments to auditors [refer note 28(i)]	201	191
Sales commission	153	123
Provision for doubtful debts (net of reversal)	(32)	1,203
Exchange fluctuation loss/ (gain)(net)	1,650	(698)
Directors' sitting fees	77	53
Loss on sale of fixed assets (net)	2	-
Miscellaneous expenses	4	19
	11,534	**10,953**

Notes to the consolidated financial statements for the year ended March 31, 2018

28(i). Payments to the auditors*

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Statutory auditors		
As auditor		
Audit fee	98	102
Tax audit fee	4	4
In other capacity		
Other services (certification services)	25	5
Reimbursement of expenses	10	14
	137	125
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	62	64
In other capacity		
Reimbursement of expenses	2	2
	64	66
	201	191

*Payment to auditors is exclusive of goods and services tax/ service tax.

29. Exceptional items (net)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss on impairment of goodwill [refer note 29(i)]	-	(10,890)
Foreign currency translation reserve gain on liquidation of foreign subsidiary [refer note 29(ii)]	1,166	-
	1,166	(10,890)

29(i) As at March 31, 2017, the Company had recognized a loss on impairment of goodwill related to its RMS CGU of ₹ 4,880 Lakhs and DIM CGU of ₹ 6,010 Lakhs based on its assessment of the carrying value of its goodwill along with the carrying value of related CGUs as at such date.

29(ii) During the year ended March 31, 2018, the Company has completed the liquidiation of its subsidiary viz. Subex Technologies Inc., USA and accordingly the balance of foreign currency translation reserve amounting to ₹ 1,166 Lakhs has been credited to the statement of profit and loss.

30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

30. Earnings/ (loss) per share (contd.)

Computation of basic and diluted EPS:

	Year ended March 31, 2018	Year ended March 31, 2017
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	2,068	(4,323)
Weighted average number of equity shares (No. in Lakhs)	5,554	5,063
Profit/ (loss) per share basic and diluted (₹ per share)*	0.37	(0.85)

*Employee stock options outstanding as at March 31, 2018 and Employee stock options outstanding and foreign currency convertible bonds outstanding as at March 31, 2017 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

The Board of Directors of the Company in its meeting held on August 21, 2017 approved the restructuring of the Company's business by way of transfer of its RMS business and Digital business to its subsidiaries, SA LLP and SD LLP, respectively, subject to shareholders and other requisite approvals. The shareholders of the Company approved the Restructuring by way of special resolution passed through postal ballot on September 23, 2017 and subsequently, the Board of Directors of the Company in its meeting held on October 4, 2017 approved November 1, 2017 to be the effective date of Restructuring.

Accordingly, effective November 1, 2017, the Company's RMS business and the Digital business have been transferred on a going concern basis for a fair value consideration of ₹ 61,564 Lakhs and ₹ 1,869 Lakhs, respectively, in the form of Company's capital contribution in the aforesaid LLPs. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

The Group has accounted for the restructuring in accordance with Appendix C ("Common control transactions") to Ind AS 103 ("Business Combinations"), which requires common control transactions to be recorded at books values. This being an intra group transaction, has been eliminated in full for the purpose of consolidation, except the impact of taxes as described in note 22(ii).

32. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group has identified a single business segment being software products and related services. This being a single segment no additional segment disclosure has been made for the business segment.

The Group's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC and rest of the World. 'Americas' comprises the Group's operations in North America, South America and Canada. 'EMEA' comprises the Group's operations in Europe, Middle East and Africa and the Group's operations in the rest of the world, excluding India are organized under 'APAC and the rest of the world'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2018	Year ended March 31, 2017
Americas	5,322	6,555
EMEA	19,076	20,392
India	2,656	2,835
APAC and rest of the world	5,378	5,951
	32,432	**35,733**

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

No customer individually accounted for more than 10% of the total revenue of the group during the years ended March 31, 2018 and March 31, 2017.

Notes to the consolidated financial statements for the year ended March 31, 2018

32. Segment reporting (contd.)

Non-current operating assets by geographical location are as follows**:

(₹ in Lakhs)

Region	As at March 31, 2018	As at March 31, 2017
India	989	1,046
Outside India	267	441
Unallocated***	65,882	65,882
Total non-current operating assets	67,138	67,369

**Non-current operating assets includes Property, plant and equipment, Other intangible assets and Balance with statutory/ government authorities and Prepaid expenses.

***Unallocated represents Goodwill on consolidation. The management is of the view that it is not practically feasible to allocate such goodwill to various regions.

33. Related party transactions

i. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel of the Company:

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up to March 31, 2018)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f April 1, 2018)
	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to March 31, 2018)
Ashwin Chalapathy	Whole Time Director (w.e.f. May 25, 2017 to October 31, 2017)
	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Sanjeev Aga	Independent Director (Up to October 27, 2016)
Priyanka Roy	Independent Director (Up to March 10, 2017)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

ii. Details of transactions with key management personnel

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salary and perquisites:*		
Vinod Kumar Padmanabhan	54	-
Ashwin Chalapathy	45	-
Mehernaz Dalal	44	-
Surjeet Singh	586	572
Ganesh KV	37	77
	766	649

33. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Director sitting fees		
Anil Singhvi	28	22
Nisha Dutt	22	14
Poornima Prabhu	23	-
Sanjeev Aga	-	10
Priyanka Roy	-	3
	73	49

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

34. Commitments and contingent liabilities

a) Commitments

Operating leases

The Group is obligated under non-cancellable lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ 64 Lakhs (March 31, 2017: ₹ 762 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Within one year	5	64
After one year but not more than five years	-	5
More than five years	-	-

The Group leases office facilities, residential facilities and servers under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases amounted to ₹ 1,703 Lakhs (March 31, 2017: ₹ 1,042 Lakhs).

b) Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Income tax demands [refer note (i)]	16,995	8,196
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Bank guarantees (furnished to customers)	321	249
Corporate guarantee issued by Subex Limited [refer note (iii) below and note 16]	8,250	-
Corporate guarantee issued by Subex Technologies Limited and Subex (UK) Limited (refer note 16)	-	4,205

Notes to the consolidated financial statements for the year ended March 31, 2018

34. Commitments and contingent liabilities (contd.)

i. Income tax

The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2014, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Group has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

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

iii. Others

The Group had received certain claims from ex-directors for an amount of ₹ 1,293 Lakhs. The aforesaid claims are disputed by the Group and the matter is presently under arbitration with the arbitration tribunal. The management is of the view that these claims are not tenable. Subsequent to the year ended March 31, 2018, in respect of arbitration concerning one of the ex-directors the Honorable Tribunal has passed an award directing the Group to pay a sum of ₹ 700 lakhs. The Group has filed an application to set aside the order and has also sought an interim stay in this regard. Basis opinion obtained from its legal counsel, the management is of the view that the outcome of the matter is not predictable at this point. Accordingly, no provision is made in this regard and the same has been disclosed as contingent liability.

The Group has also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2017: ₹ 124 Lakhs) paid to the aforementioned ex-directors during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which has been treated as monies due from the directors, being held by them in trust for the Group, and other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2017: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2017: ₹ 234 Lakhs) is included in 'Other Financial Assets' in the financial statements. Pending final outcome of the litigations, no provision has been made in the books of account in this regard.

iv. Corporate Guarantee

With effect from November 1, 2017, the Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 8,250 Lakhs for the purpose of availing of working capital loan facilities by the said subsidiary.

v. The Group does not have any commitments as at balance sheet date except towards the operating lease as disclosed in note 34(a).

35. Employee stock options plans ('ESOPs')

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

Employees stock options details as on the balance sheet date are:

Particulars	2017-18		2016-17	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	92,368	22.97	1,44,979	24.28
ESOP – IV	28,301	28.44	1,30,500	28.51
Cancelled, surrendered or lapsed during the year				
ESOP – III	68,313	24.67	52,611	26.54
ESOP – IV	28,301	28.44	1,02,199	28.53
Options outstanding at the end of the year				
ESOP – III	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Options exercisable at the end of the year				
ESOP – III	24,055	18.24	92,368	22.99
ESOP – IV	-	-	28,301	28.44

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

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2017-18	2016-17	2017-18	2016-17
ESOP – III	1.26	1.99	10.26 - 54.83	10.26 - 54.83
ESOP – IV	-	0.67	-	28.44

*considering vesting and exercise period.

36. Employee benefit plans

a) Provident fund

The Group makes contributions to Provident Fund, Pension Fund, Employee State Insurance scheme and other funds which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 980 Lakhs (March 31, 2017: ₹ 990 Lakhs) towards Provident Fund and Pension Fund contributions and ₹ 44 Lakhs (March 31, 2017: ₹ 47 Lakhs) towards 401K contribution.

b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Notes to the consolidated financial statements for the year ended March 31, 2018

36. Employee benefit plans (contd.)

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
A. Change in defined benefit obligation		
Obligations at beginning of the year	484	453
Service cost	89	76
Interest cost	31	32
Benefits settled	(64)	(108)
Actuarial loss (through OCI)	32	33
Currency translation adjustment	1	(2)
Obligations at end of the year	**573**	**484**
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	144	116
Expected return on plan assets	10	9
Actuarial gain (through OCI)	2	-
Contributions	110	120
Benefits settled	(62)	(101)
Plan assets at the end of the year	**204**	**144**
Present value of defined benefit obligation at the end of the year	(573)	(484)
Fair value of plan assets at the end of the year	204	144
C. Net liability recognized in the consolidated balance sheet	(369)	(340)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
D. Expenses recognized in the consolidated statement of profit and loss:		
Service cost	89	76
Interest cost (net)	21	23
Net gratuity cost	110	99
E. Re-measurement gains/ (losses) in OCI		
Actuarial loss due to financial assumption changes	(16)	13
Actuarial gain due to experience adjustments	48	20
Actuarial loss - return on plan assets greater than discount rate	(2)	-
Total expenses recognized through OCI	30	33
F. Assumptions		
Discount rate	7.60%	7.00%
Expected return on plan assets	7.00%	7.60%
Salary escalation*	8.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

36. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
G. Five years pay-outs		
Year 1	89	43
Year 2	82	70
Year 3	78	65
Year 4	73	62
Year 5	68	57
After 5th Year	458	366

*The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
H. Contribution likely to be made for the next one year	89	120
I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(12)	13	(10)	11
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	23	(22)	18	(17)
Effect of change in withdrawal	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(12)	13	(12)	9

Notes to the consolidated financial statements for the year ended March 31, 2018

37. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

(a) Contribution of net assets/ (liability) in the consolidated financial statements:

As at and for the year ended March 31, 2018

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	49%	74,234	1%	32	(1%)	(8)	-	24
Indian subsidiaries								
Subex Technologies Limited	-	25	-	(4)	-	-	-	(4)
Subex Assurance LLP	41%	62,262	14%	710	(1%)	(12)	12%	698
Subex Digital LLP	1%	1,279	(12%)	(586)	-	(4)	(10%)	(590)
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	1%	780	(13%)	(655)	(19%)	(179)	(14%)	(834)
Subex (UK) Ltd.	7%	10,098	(16%)	(826)	127%	1,185	6%	359
Subex Americas Inc.	3%	5,115	124%	6,264	(4%)	(37)	105%	6,227
Subex Inc.,	(2%)	(2,983)	2%	87	(2%)	(20)	1%	67
Subex Technologies Inc.	-	-	-	-	-	-	-	-
Subex Middle East	-	59	-	(14)	-	1	-	(13)
Total	100%	150,869	100%	5,008	100%	926	100%	5,934
Adjustments arising out of consolidation	-	(72,924)	-	(2,940)	-	(1,166)	-	(4,106)
Total	-	77,945	-	2,068	-	(240)	-	1,828

As at and for the year ended March 31, 2017

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subex Limited	95%	63,726	(13%)	(683)	2%	(33)	(18%)	(716)
Indian subsidiaries								
Subex Technologies Limited	-	29	1%	54	-	-	1%	54
Subex Assurance LLP	-	-	-	-	-	-	-	-
Subex Digital LLP	-	-	-	-	-	-	-	-
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	(4%)	(2,378)	17%	892	(13%)	182	27%	1,074
Subex (UK) Ltd.	(16%)	9,733	35%	1,859	124%	(1,705)	4%	154
Subex Americas Inc.	(2%)	(1,181)	57%	3,012	(7%)	102	80%	3,114
Subex Inc.,	(5%)	(3,049)	2%	116	(6%)	81	5%	197
Subex Technologies Inc.	-	-	-	(1)	0%	-	-	(1)
Subex Middle East	-	71	1%	35	0%	(3)	1%	32
Total	100%	66,951	100%	5,284	100%	(1,376)	100%	3,908
Adjustments arising out of consolidation	-	1,458	-	(9,607)	-	-	-	(9,607)
Total	-	68,409	-	(4,323)	-	(1,376)	-	(5,699)

38. Capital management

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Total equity attributable to the share holders of the Company*	77,945	68,409
Borrowings - Current*	3,215	8,590
Current maturities of long term borrowings**	-	10,059
B. Total loans and borrowings	3,215	18,649
C. Total capital (A+B)	81,160	87,058
D. Total loans and borrowings as a percentage of total capital (B/C)	4%	21%
E. Total equity as a percentage of total capital (A/C)	96%	79%

*The Company has made preferential allotment of equity shares during the current year. Refer note 14(e).

*The current borrowings are in the nature of working capital loans from banks. The Group has sufficient cash and cash equivalents and other financial assets which are liquid to meet the aforesaid current borrowings.

**Current maturities of long term borrowings represented term loans of US$ 12 Million (₹ 7,782 Lakhs) and FCCBs III of ₹ 2,277 Lakhs and has been duly repaid as on May 15, 2017 and July 07, 2017, respectively.

In order to achieve the aforesaid objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any borrowing in the current year.

39. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	3	11
Trade receivables*	9,290	11,851
Unbilled revenue*	5,247	4,497
Security deposits^	439	399
Loans and advances to employees*	134	196
	15,113	16,954
Cash and cash equivalents and other balances with banks		
Cash on hand#	1	1
Balance with banks#	3,006	7,385
Margin money deposits#	370	258
	3,377	7,644
Financial liabilities measured at amortized cost		
Employee related liabilities*	1,511	1,362
Trade payables*	1,331	1,805
Interest accrued but not due on borrowings^	-	501
Borrowings^	3,215	18,649
	6,057	22,317

Notes to the consolidated financial statements for the year ended March 31, 2018

39. Fair value hierarchy (contd.)

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

#These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value. Accordingly, these are classified as level 3 of fair value hierarchy.

^The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

40. Financial risk management:

The Group's activities expose it to the following risks:

i. Credit risk
ii. Interest rate risk
iii. Liquidity risk
iv. Market risk

i. Credit risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

b. Credit risk exposure

The Group's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Group is as below:

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Trade receivables	9,290	11,851
Unbilled revenue	5,247	4,497
Total	**14,537**	**16,348**

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed telecom companies and are spread across multiple geographies.

c. Other financial assets and deposits with banks

Credit risk is limited, as the Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates for the period the Company was holding the debts.

40. Financial risk management (contd.)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Change in interest rate	Effect of profit before exceptional items and tax expense	Change in interest rate	Effect of profit before exceptional items and tax expense
Working capital loans	+1%	(60)	+1%	(94)
	-1%	60	-1%	94

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	3,007	7,386
Other balances with banks	370	258
	3,377	7,644

The table below summarizes the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	180-365 Days	365 Days and above	Total
As at March 31, 2018					
Trade payables	251	983	95	3	1,331
Borrowings	-	3,215	-	-	3,215
Other financial liabilities	-	1,511	-	-	1,511
	251	5,709	95	3	6,057
As at March 31, 2017					
Trade payables	542	1,000	263	-	1,805
Borrowings	-	18,701	-	-	18,701
Other financial liabilities	-	1,867	-	-	1,867
	542	21,568	263	-	22,373

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('US$'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Notes to the consolidated financial statements for the year ended March 31, 2018

40. Financial risk management (contd.)

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

As at March 31, 2018 (₹ in Lakhs)

Particulars	Denominated Currency				Total
	US$	GBP	AED	Others	
Financial assets					
Trade receivables	5,482	-	1,507	842	7,831
Cash and cash equivalents and other bank balances	334	-	54	121	509
Other financial assets	1,109	-	150	181	1,440
Total financial assets	**6,925**	**-**	**1,711**	**1,144**	**9,780**
Financial liabilities					
Borrowings	837	793	840	745	3,215
Other financial liabilities	1,306	1	(92)	(160)	1,055
Total financial liabilities	**2,143**	**794**	**748**	**585**	**4,270**
Net financial assets/ (liabilities)	**4,782**	**(794)**	**963**	**559**	**5,510**

As at March 31, 2017 (₹ in Lakhs)

Particulars	Denominated Currency				Total
	US$	GBP	AED	Others	
Financial assets					
Trade receivables	6,631	-	1,587	1,670	9,888
Cash and cash equivalents and other bank balances	4,694	-	582	339	5,616
Other financial assets	3,070	-	186	85	3,341
Total financial assets	**14,395**	**-**	**2,355**	**2,094**	**18,845**
Financial liabilities					
Borrowings	2,786	1,979	73	818	5,656
Other financial liabilities	3,278	-	191	265	3,734
Total financial liabilities	**6,064**	**1,979**	**264**	**1,083**	**9,390**
Net financial assets/ (liabilities)	**8,331**	**(1,979)**	**2,091**	**1,011**	**9,455**

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.17% (March 31, 2017: 0.29%).

41. Standards issued but not yet effective

Ind AS 115- Revenue from contract with customers:

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognized at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognized at the date of initial application

The standard is effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

Ind AS 21 - Appendix B:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognized on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The standard is effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements and impact of the aforesaid on its financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2018

42. As per section 135 of The Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Subex Limited. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities. The Company has incurred losses during the three immediately preceding years and accordingly, is not required to spend any amount during the current year for this purpose. Accordingly, the Company has not made any expenditure during the year ended March, 2018. Subsequent to the year end, on April 20, 2018, the Company has voluntarily incurred an expense of ₹ 10 lakhs towards CSR activities.

43. The Group had remitted withholding taxes on interest on FCCBs III in accordance with the provisions of the Income Tax Act, 1961 amounting to ₹ 1,067 Lakhs pertaining to FCCBs III which have been converted into equity shares of the Company. Pursuant to such conversion, the interest accrued but not due is considered no longer payable and the management basis expert advice, is of the view that the withholding taxes paid by the Group in respect of the aforesaid interest, are recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group has adjusted withholding taxes of ₹ 30 Lakhs (March 31, 2017: ₹ 1,037 Lakhs) on salary, professional services and others by write-back of withholding taxes on interest on FCCBs paid earlier, and such write back is included under other income.

44. The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2018 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated financial statements, particularly on account of tax expense and that of provision for taxation.

45. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current years's classification.

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803
Place: Bengaluru
Date: May 04, 2018

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Director
DIN : 00239589

Nisha Dutt
Director
DIN : 06465957

Poornima Kamalaksh Prabhu
Director
DIN: 03114937
Place: Bengaluru
Date: May 04, 2018

Mehernaz Dalal
Chief Financial Officer

Shareholders' Information

REGISTERED OFFICE

The Registered office of the Company is at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

DATE AND VENUE OF THE 24th ANNUAL GENERAL MEETING (AGM)

Date	July 31, 2018
Venue	The "Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001
Time	2 PM

DATES OF BOOK CLOSURE

From July 25, 2018 to July 31, 2018 (both days inclusive).

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year : April 01, 2018 to March 31, 2019

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2018	– 4th week of July 2018
For quarter ending September 30, 2018	– 2nd week of November 2018
For quarter ending December 31, 2018	– 2nd week of February 2019
For the year ending March 31, 2019	– 4th week of May 2019

DIVIDEND

The Directors have not proposed any dividend for the financial year 2017-18.

LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 05, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2017-18 in accordance with the provisions of the SEBI (LODR) Regulations, 2015.

The 2,43,207 Global Depositary Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 09, 2007.

During the year the outstanding amount of US$ 3.60 Million of the Company's US$ 127.721 million 5.70% Convertible Secured Bonds, listed on the Singapore Exchange Securities Trading Limited since July 10, 2012 was redeemed on July 07, 2017.

The stock codes of the Company at the Stock Exchanges are as follows:

Name and address of the Stock Exchange	Stock code
National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East) Mumbai- 400051	SUBEX
BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400001	532348
London Stock Exchange 10 Paternoster Square London EC4M 7LS	SUBX

The International Securities Identification Number (ISIN) for the Company's Equity Shares in dematerialized form is INE754A01014.

CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 01, 2005. The said circular has been partially modified *vide* SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2017-18 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2017.

STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

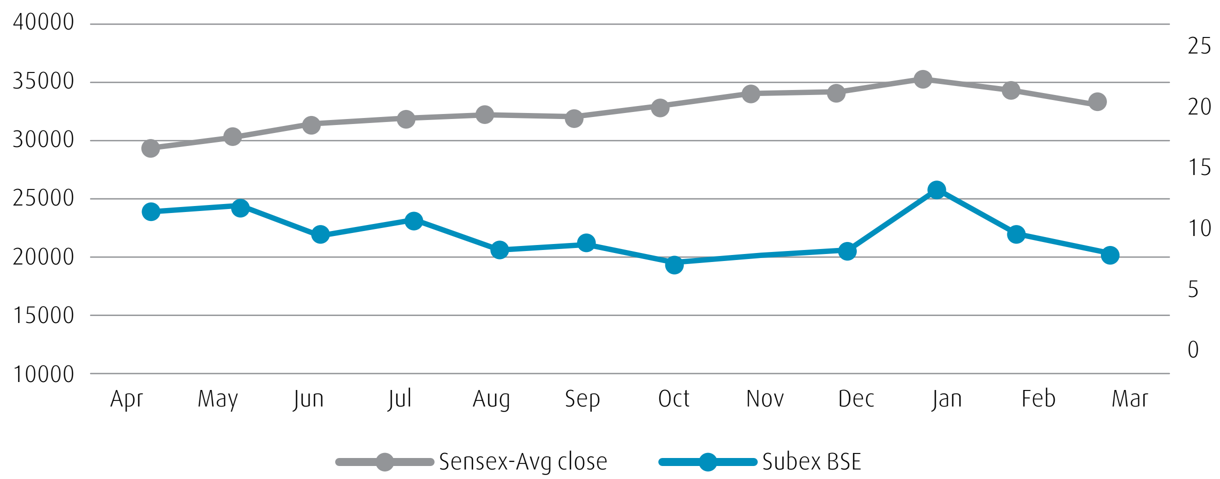
Average Monthly high and low quotes during each month in the financial year 2017-18 as well as the volume of shares traded on

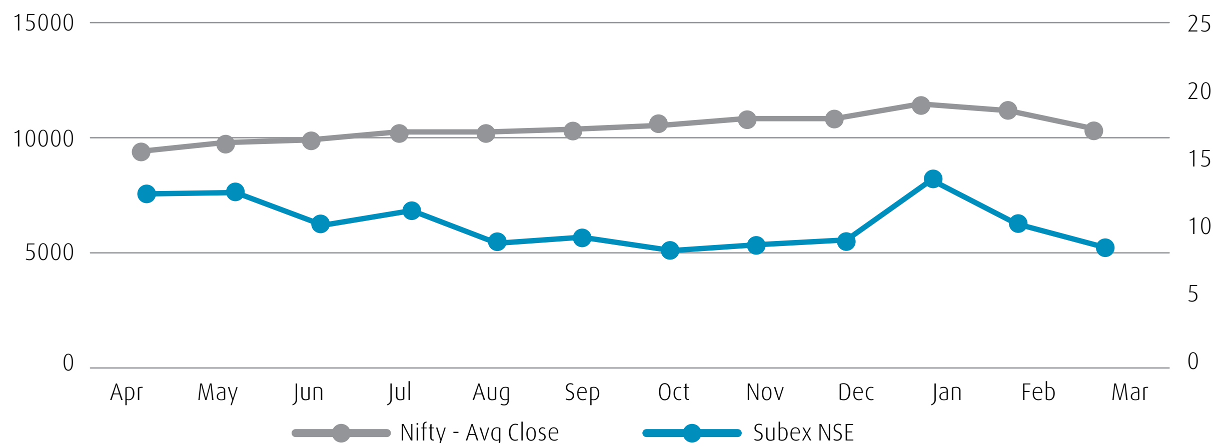
NSE and BSE are as under:

Month	NSE		BSE		Index Close Price	
	High* ₹	Low* ₹	High ₹	Low ₹	Sensex (Closing price)	Nifty (closing price)
Apr-17	11.58	11.12	11.59	11.12	29,695.83	9,214.57
May-17	11.32	10.87	11.31	10.88	30,420.07	9,436.99
Jun-17	9.97	9.70	9.95	9.72	31,144.68	9,606.95
Jul-17	10.57	10.04	10.58	10.04	31,879.61	9,850.12
Aug-17	9.02	8.62	9.02	8.63	31,772.23	9,901.18
Sep-17	8.86	8.54	8.85	8.57	31,887.12	9,977.92
Oct-17	8.58	8.30	8.59	8.30	32,397.64	10,138.68
Nov-17	8.77	8.40	8.73	8.41	33,395.14	10,324.75
Dec-17	8.73	8.37	8.76	8.38	33,424.40	10,322.26
Jan-18	11.39	10.51	11.37	10.52	34,989.42	10,771.15
Feb-18	9.43	8.93	9.43	8.94	34,287.04	10,533.11
Mar-18	8.44	8.14	8.43	8.13	33,323.32	10,232.63

*The monthly high and low quotes are calculated based on the average high and low prices of the month respectively.

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX





CREDIT RATING

The India Ratings and Research organisation (Ind-Ra) in their letter dated July 20, 2017 made to the Company upgraded the Credit Rating of Subex Limited from IND BBB+ to IND A-.

Instrument wise rating actions are mentioned below:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based limits	INR 956 (reduced from INR 1,148)	IND A-/Stable/IND A2+	Upgraded
Non-fund based limits*	INR180	IND A2+	Upgraded

*INR 145 million of the non-fund-based limits is interchangeable with the fund-based limits.

SHAREHOLDING PATTERN

(As per records of the RTA)*

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2018		As on March 31, 2017	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	57,792	50.73	56,308	52.90
5001 – 10000	19,670	17.27	17,686	16.62
10001 – 20000	12,783	11.22	11,422	10.73
20001 –30000	5,572	4.89	4,938	4.64
30001 – 40000	2,681	2.35	2,468	2.32
40001 – 50000	4,091	3.59	3,585	3.37
50001 – 100000	5,481	4.81	4,863	4.57
100001 and above	5,841	5.14	5,164	4.85
TOTAL	**1,13,911**	**100.00**	**1,06,434**	**100.00**

Categories of Shareholders:

Category	As on March 31, 2018			As on March 31, 2017		
	No. of share holders	Voting strength %	No. of shares held	No. of share holders	Voting strength %	No. of shares held
Public & Other (includes GDR's and Foreign Corporate Bodies)	112,577	78.66	442,070,413	105,041	78.17	396,248,254
Companies/ Indian Bodies Corporate	1,292	21.07	118,398,079	1,348	20.96	106,260,982
Core Promoters	3	0.17	974,044	3	0.19	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	39	0.10	560,399	41	0.12	617,700
FII	Nil	Nil	Nil	1	0.56	2,806,956
TOTAL	1,13,911	100	562,002,935	1,06,434	100	506,907,936

R & T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computers Services Limited, J P Royale, 1st Floor, No.218, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru - 560 003, were appointed as 'Registrar and Transfer Agent' both in respect of shares held in physical form and dematerialized form *vide* a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI *vide* its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects.

B. Share transfers and other communication regarding Share certificates, updation of records, e-mail ids, etc. may be addressed to:

M/s Canbank Computer Services Limited,
J P Royale, 1st Floor,
No.218, 2nd Main,
Sampige Road (Near 14th Cross),
Malleswaram,
Bengaluru - 560 003
Tel Nos. +91 80-23469661/62, 23469664/65
Fax Nos. +91 80-23469667/68
E-mail: canbankrta@ccsl.co.in
Website: www.canbankrta.com

SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM

As on March 31, 2018, 99.99% of the Company's shares were held in dematerialized form and the rest in physical form.

OUTSTANDING GDRS/ADRS/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2018, the outstanding GDRs were 243,207.

During the year the outstanding amount of US$ 3.60 Million of the Company's US$ 127.721 million 5.70% Convertible Secured Bonds, listed on the Singapore Exchange Securities Trading Limited since July 10, 2012 was redeemed on July 07, 2017.

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

NOMINATION

Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH-13 (in duplicate), if not already filed. Form SH-13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is not doing any hedging activities, as there is a natural hedge between exports and imports.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2017 to March 31, 2018 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through E-mails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through E-mails or telephone)	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/ annual report	0	0
Letters from NSDL, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	4	4
Total	**4**	**4**

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Arjun Makhecha

Acting Company Secretary,

Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103, India.

Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333

Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the Committees, financial results, shareholding pattern, distribution of shareholding etc.

Notes

Notes

INDIA

Subex Limited
(CIN: L85110KA1994PLCO16663)
Regd. office: RMZ Ecoworld,
Devarabisanahalli, Outer Ring Road
Bengaluru - 560103, India

Tel: +91 80 6659 8700
Fax: +91 80 6696 3333

USA

Subex Inc.
12303 Airport Way, Bldg. 1,
Suite. 390, Broomfield, CO 80021

Tel: +1 303 301 6200
Fax: +1 303 301 6201

UK

Subex (UK) Limited
1st Floor, Rama Apartment,
17 St Ann's Road, Harrow,
Middlesex, HA1 1JU

Tel: +44 0207 8265300
Fax: +44 0207 8265352

Singapore

Subex (Asia Pacific) Pte Limited
175A Bencoolen Street
#08-03 Burlington Square
Singapore - 189650

Tel: +65 6338 1218
Fax: +65 6338 1216

Middle East

Subex Middle East (FZE)
Executive Desk Q1-04-098/B,
P.O. Box: 513156,
Sharjah Airport International
Free Zone, Sharjah, UAE

Canada

Subex Americas Inc.
C/O BDO Canada LLP,
5494, Manotick Main Street
Box. 918, Manotick, Ontario
Canada, K4M1A8

Regional offices: Dubai | Ipswich

SUBEX

WWW.SUBEX.COM