ANNUAL REPORT 2018-19

BROADENING THE HORIZON

PIONEERING DIGITAL TRUST

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 realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

BROADENING THE HORIZON

WITH AN EXPERIENCE SPANNING OVER A QUARTER-CENTURY, SUBEX HAS ESTABLISHED ITSELF AS THE GLOBAL LEADER IN TELECOM ANALYTICS.

During this period, we have worked with the world's largest telcos, helping them save billions of Dollars. In the process, we recognised how multiple other verticals faced similar challenges we could help alleviate, and this marked the beginning of our foray into newer areas, essentially broadening our horizon.

Through our extensive experience of handling massive volumes of data, we have been successful in building a robust platform that can meet the demanding nature of the digital era. This has allowed us to develop capabilities towards being the pioneers of Digital Trust, to meet the emerging needs of the digital business ecosystem. As we move into our next phase, we will leverage these capabilities to meet the growing needs of businesses across multiple verticals such as IoT, Fintech and Retail to name a few. With the need for Digital Trust increasing across multiple industries, Subex is poised to address their requirements, paving the way for our next wave of sustainable growth. This multi-vertical strategy will enable us to build upon our decades of experience to make Digital Trust as a key enabler, helping businesses to succeed and grow.

STRATEGIC FRAMEWORK

OUR PURPOSE	Experience the thrill of unlocking possibilities
OUR VISION	Be the world leader in Digital Trust
OUR GOALS	Vibrant Subex / Revenue Growth
OUR STRATEGY	3 Horizon Strategy for Growth

Enhance the Core
- Revenue Assurance
- Fraud Management
- Asset Assurance
- Partner Management
- Network Analytics

Growth in New Areas
- IoT Security
- Analytics

Invest in Emerging Areas (Multi-Vertical SaaS)
- CrunchMetrics
- Digital Identity

OUR VALUES: Think Customer | Make It Happen | Deliver Value | Be Open. Be Fair. | Win Together

INVESTOR FACT SHEET

Subex is a pioneer in enabling Digital Trust for businesses across the globe. Founded in 1994, Subex has spent 25 years in helping Global Communications Service Providers maximise their revenues and profitability. Having served the market over the last 2 decades by providing world-class solutions for business optimisation and analytics, Subex is now leading the way by enabling all-round Digital Trust in the business ecosystems of its customers. Focusing on privacy, security, risk mitigation, predictability and confidence in data, Subex helps businesses embrace the disruptive changes in the business landscape, and succeed with Digital Trust.

Stock Profile

Sector	IT Software Products
BSE	SUBEX | 532348
NSE	SUBEX
Incorporated	December 06, 1994
Issued Shares (Cr)	56.20
Share Price* (₹)	6.99
Market Cap* (₹ Cr)	391.72
52-week H/L Range (₹)	8.01 - 4.40
Float as % of O/S Shares	90%

*Share price and market cap (BSE) as on May 14, 2019

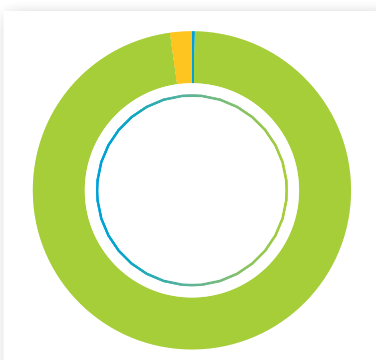
Valuation Mar '19

Price /Earnings (x)	14.0
EV/Sales (x)	1.1
EV/ EBITDA (x)	9.3

*Source: Thomson One

Shareholding Pattern (%)

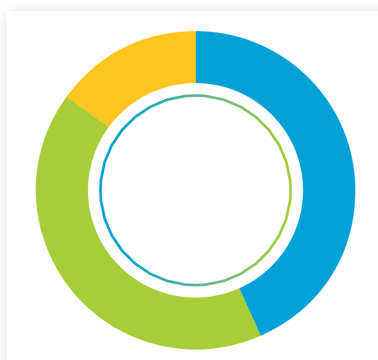
Mar'19



- Promoters - 0.08%
- Public - 97.02%
- Non Promoter-Non Public - 1.99%

Top shareholders >1 (%)

Mar'19



- UNO Metals Ltd. - 3.46%
- AKG Finvest Ltd. - 3.30%
- Stock Holding Corporation of India Ltd. - 1.19%

1994
Formation of the Company

25
Years of Experience

800+
Employees

300+
Global Installations

90+
Countries

200+
Customers Globally

35+
Industry Awards

US$ 2 MN
R&D spend in new areas

US$ 55 MN
Order Intake in FY19

Investment Highlights

- Pioneers in the space of Digital Trust
- Leading player in the telecommunication space focusing on products to communications service providers (CSPs) globally to drive digital transformation and competitive differentiation
- Making strong inroads in the multi vertical IoT Security space; IoT Security Market is expected to touch US$ 4.5 billion by 2022
- Incubating virtual startups within the organisation to diversify into new areas and verticals
- Sticky Revenue Model with long client relationship
- Investing heavily in newer areas like Digital Trust and AI/ML, Deep learning based anomaly detection
- Passionate and committed team led by new CEO Vinod Kumar Padmanabhan with clear focus to put the Company on growth track
- Zero debt with operating cash flow of ₹55 Crore
- New initiatives expected to impact revenue growth starting FY20

A NOTE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

It gives me great pleasure to address and update you on the progress made by Subex in the last financial year.

The two areas of focus that were of primary importance to me since I took over the role of CEO in last year was revenue growth and a vibrant Subex. And to do this, we rediscovered our purpose, values and set our vision to be the largest player globally in the space of Digital Trust. This vision further dovetailed into our three-horizon strategy wherein horizon 1 consisted of our core areas; horizon 2 consisted of high-growth areas of IoT security and analytics; and horizon 3 consisted of aspirational areas of automated multi-vertical anomaly detection and digital identity.

I am happy to announce that both from a strategy and execution perspective, we did well during the course of last year. We closed the year with revenue of ₹348 cr which was a growth of 7.3% over the corresponding number of ₹324 cr in the last fiscal year. The Profit After Tax also saw a jump of 21.7% to finish the year at ₹25.2 cr. While we do understand that these are small beginnings, what gives us confidence is the fact that our outlined strategy is definitely taking shape and we see a strong traction for growth going into the next fiscal year.

Let me provide you a brief view of how we did in each of these horizons. The market segment of telecom BSS i.e. Business Support Systems software that predominantly covers horizon 1 areas is expected to remain flat. As a global leader in most of the areas that we operate in this segment, our effort was to perform better by increasing our market share with differentiated offerings. We embedded purpose-built AI/ML into our products, leveraged technology to

7.3%
growth over the corresponding number of ₹324 cr in the last fiscal.

However, the proof of the pudding is the fact that we have met the internal target of US$5 million contracted business in the very first year of operation on horizon 2 products.

effectively manage huge data volumes, compute requirements, and thereby created significant competitive advantage during the course of last year. We are competing very well with a strong pipeline of new opportunities further strengthened by a phenomenal last quarter that resulted in a 30% increase in new business bookings over the previous year. The Q4 FY19 results reflect the impact of these higher new business bookings.

Horizon 2 is our key growth area at the moment. With this target, our intent was not only build on the initial advantage that we have from a technology perspective but also increase the coverage of as many segments as possible. Towards this end, we have secured customers in a diverse range of verticals like smart cities, oil and gas, connected cars, manufacturing and IoT connectivity providers to name a few. Our honeypot lab has been enhanced and we have also carefully extended it to top research facilities in Singapore, Dubai and Europe. This proactive approach of generating threat signature is becoming a key differentiator of our digital security solution. ACT our Analytics Center of Trust, the other product offering in the horizon 2 portfolio has now been extended to two customers and both are being driven very strategically at this point.

However, the proof of the pudding is the fact that we have met the internal target of US$5 million contracted business in the very first year of operation on horizon 2 products.

On horizon 3, which is the aspirational areas, we are working on much larger use cases and have launched CrunchMetrics, an AI/ML based multi-vertical anomaly detection in January this year. After successful completion of PoCs, we have now started engagement with two Tier 1 telcos in Europe and APAC. We have also started POC with a large Fintech player in India and are confident of showing good results soon. The second product in horizon 3 addresses digital identity management, and this product will be ready for launch in the first quarter of FY 20.

Subexians, our people continue to be the greatest asset to Subex. I am pleased to announce that we have added some exceptional talent during the course of this year. We brought a new COO, CFO and a Company Secretary. We also strengthened the domain and business consulting side by bringing heavyweights in the industry with over 20 years of hands-on experience. We now have a well-oiled team that is committed to drive the growth strategy. We have also executed the first phase of ESOP allocation and have all key Subexians covered.

So, what does the future hold for us? Based on the market reaction and general feedback, our growth strategy seems to be right and on mark. Our focus going forward will be on execution of this growth strategy. There are three key global trends that we are tracking and intent to leverage for our growth. The first is increasing importance of Digital Trust,; second, the onset of 5G and mobile-edge computing and finally digital identity becoming central to digital economy. With access to state-of-the-art technology and also the biggest bank of digital threat signature and extensive coverage, we believe we are well positioned in our pursuit of being the leader in Digital Trust. We intend to invest heavily to scale the coverage, both on the technology and market coverage factor to drive value not only to our customers but also to our associates and shareholders.

Finally, I want to place my deep appreciation to the Board who stood behind us and supported us in every step of this long and exciting journey in front of us. My thanks are also due to the Subexians, without whose commitment and zeal we will find it hard to accomplish the growth targets in front of us.

"A journey well begun is half done", goes the saying. We believe we are in that spot and I am confident that the remaining part of the journey will be one that we will cherish in the foreseeable future.

Warm regards,

Vinod Kumar Padmanabhan

Managing Director
& Chief Executive Officer

STRATEGIC REPORT

OUR BUSINESS AT A GLANCE

Digitalisation has changed our lives in more ways than we can imagine. What makes it even more interesting is the pace of these changes and their impact on businesses. Today, status quo is transient and does not ensure security or leadership in the market. Businesses face the risk of obsolescence if they fail to innovate or adapt and hence there is a need to be ahead of the curve in every aspect of business – be it technology, business models, strategy or customer engagement.

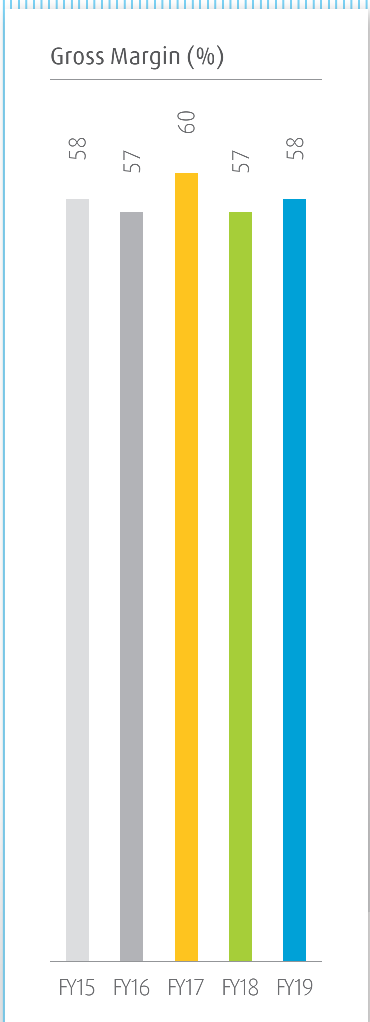
In this backdrop, the one aspect that lies at the intersection of opportunities, risks and vulnerabilities is Trust. Trust is the centerpiece for every interaction on a personal, societal and business level — in both traditional and digital business models.

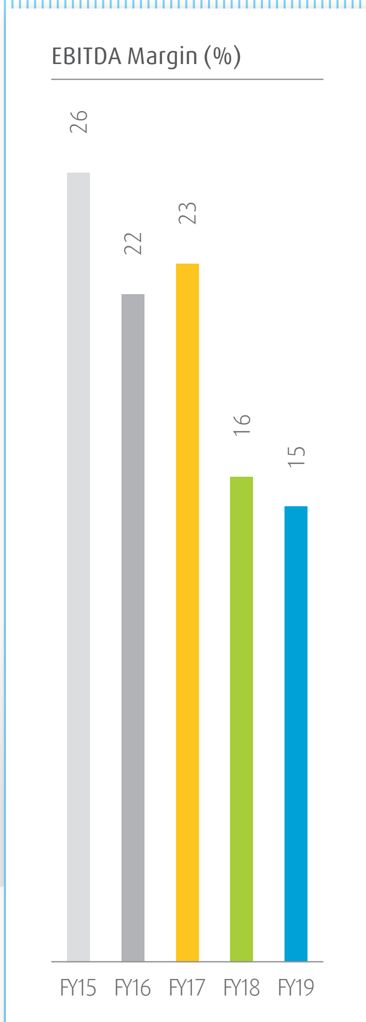
With the lines blurring between the digital and physical worlds, multiple disparate elements like people, processes and products come together to work in tandem. Digital Business revolves around agile and ephemeral digital interactions and leverages digital supply chains that are established dynamically to enable each interaction. In such a scenario Digital Trust becomes the key enabler for high-quality digital interactions by measuring and quantifying expectations of an entity – specifically validating who or what it claims to be, and if it will behave in an expected manner within a digital business transaction. Digital Trust is viewed as the lifeblood or currency of digital business, and it wraps around every aspect of digital business.

As an organisation handling huge volumes of data from different sources, structures and at varying velocities for more than two decades, Subex is well poised to help businesses leverage Digital Trust to succeed in the digital era. Focusing on privacy, security, risk mitigation, predictability and confidence in data, Subex leverages its world-class software suite to help organisations infuse Digital Trust into their ecosystems. Subex helps drive Digital Trust across multiple dimensions addressing Transactional Trust, Competence Trust and Representational Trust across its customers' businesses, consumers and partners. Addressing each of these dimensions of trust is necessary to create an all-encompassing, robust and fail-proof framework for Digital Trust, and our portfolio of products and solutions is designed to do exactly that.

To summarise, multi-dimensional, multi-directional Digital Trust is the key to succeed in the digital era, and Subex is leading the way by enabling businesses create inspiring digital experiences.

FINANCIAL HIGHLIGHTS





PRODUCTS & SERVICES

ROC Revenue Assurance

- Provides a comprehensive view of an enterprise by providing better visibility into risks surrounding operations, revenue and margins.
- Built around big data and focused analytics capabilities, the solution addresses the new, complex and critical challenges faced by Revenue Assurance teams globally.

ROC Fraud Management

- Built to increase fraud prevention by eliminating known frauds, uncovering new fraud patterns, minimising fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements.
- Combines traditional rules engine, advanced AI/ML capabilities and scalable architecture to ensure proactive detection of fraudulent activities on the network
- Ensures that the system can be easily integrated with the ecosystem by utilising readily deployable interfaces

ACT (Analytics Center of Trust)

- Provides an end-to-end analytics framework to ensure a successful Analytics Journey
- Ensures the right analytics strategy by establishing CSPs current maturity, defining the business vision, and identifying the required road map
- Delivers real-time insights on the shifts in trends across the spectrum through a trusted information infrastructure powered by AI/ML Capabilities
- Provides Analytics as a Service to deliver actionable business intelligence around Product, Customer, Risk and Revenue

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
- Helps operators drive effective operations, enables near real-time detection and accelerates leakage recovery cycles

ROC Network Asset Management

- Helps operators save millions of dollars through its analytics-driven asset harvesting insights
- 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 life cycle management through its AI/ML-based capabilities

ROC Capacity Management

- Provides proactive, actionable business intelligence with the power of AI/ML capabilities to make appropriate investments in maximising network capacity
- Gleans insights from network capacity trends
- Helps identify capacity 'hot-spots' and predict 'time-to-exhaustion'
- Correlates end-to-end capacity issues
- Forecasts lead time for capacity exhaustion scenarios

ROC Partner Management

- Provides a 360-degree view of the partner ecosystem by providing detailed profiles of partner agreements based on data such as revenue sharing and margins
- Ensures swift partner on-boarding, partner self-care, end-to-end revenue visibility and seamless communication between business partners

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 new and emerging IoT threats

Crunch Metrics

- Advanced anomaly detection system that helps organisations discover business opportunities and mitigate risks in real-time.
- Leverages the combined power of statistics, Artificial Intelligence (AI) and Machine Learning (ML) to identify anomalies that are a representation of business impact.

ROC Partner Settlement

- 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
- Opens new business models for complex variable pricing, bandwidth trading and VoIP services
- Enables telcos to track roaming records and conduct end to end roaming settlements
- Zero-touch supplier invoice reconciliation and dispute management capabilities for complete automation of complex manual processes

CHIEF EXECUTIVE'S STRATEGIC VIEW

A conversation with Vinod Kumar Padmanabhan, MD & CEO

Q: What would you consider as the most important accomplishments of the past year?

A. Our single most important goal in the past year was to focus on growth. Equipped with the freedom to explore, we rediscovered our purpose, values and vision to become the largest global provider of digital trust across all domains. The growth path we charted which would be a move from a telecom business analytics optimisation provider to a globally recognised digital trust player is indeed an ambitious journey. However, our confidence lies in our strong internal capabilities in terms of engineering and product developments, backed by a passionate set of Subexians (our employees).

We translated our vision into a three-horizon strategy where Horizon 1 would be our core products, Horizon 2 would involve newly launched products with huge potential and Horizon 3 would aim at aspirational growth areas and big impact use cases. To execute our strategy, we needed a great team and to that extend we have done a great job aligning out team, bringing in the right new talents wherever required and getting them motivated behind our vision.

Q: How are you executing this three-horizon growth strategy and what factors give you confidence?

A. A clear strategy makes execution easier. Going by the progress we have made during the first leg of executions, by performing extremely well via new business acquisitions, it appears that our growth strategy is working. Our game plan is to pursue a more aggressive growth strategy and we will do this by fast-tracking selected components for rapid growth.

Our strategy has been broken down to specific Annual Operating Plans (AOPs), which is further simplified into what each team will have to work on. The initiation of an OKR system which explores objective and key result areas to be achieved in 90 days helps in keeping the focus on vital goals, amidst daily operational compulsions.

For example, within our Horizon 1 strategy, since growth within the space is slow, it is very clear that we have to go after improving existing market share. In the past year, we have done precisely that. Our new business acquisition was the strongest in Q4, which resulted in a 30% increase in yearly order booking.

In Horizon 2, we are building on the competitive advantage that we have, particularly in the IoT security space. We have enhanced and extended our honeypot to top research institutions in Singapore, Spain and the UAE. Our confidence is further strengthened by the success with respect to both contracted bookings and revenue in the very first year of operations of these products. The approach of incubating new ideas as a virtual startup within the organisation and then using our existing field and sales set-up to quickly scale is working well for us. This is our advantage when compared to new startups out there.

Q: What are the three most important industry drivers that make Subex a partner of choice?

A. Digital security is becoming a major issue globally. The World Economic Forum identifies cyber and digital security threats as one of the key global risks along with climate change, inequality, etc.

We are seeing an infusion of IoT even in critical infrastructure and this raises the digital threat to an even higher and critical level. All these will result in the rapid growth of the digital security market.

Secondly, digital trust. Digital is being intensified across all spheres, and this will propel digital trust to become a key pillar within the digital economy. IDC defines digital trust as the enabling of decisions made between two or more entities based on each entity's digital reputation and assurance levels. In the present scenario, if digital trust is not taken care of, the entire digital economy can crumble. Moreover, smart companies will use digital trust as a competitive advantage. With Subex having built a comprehensive portfolio around digital trust, we will be able to ride that wave successfully.

Thirdly, 5G and its opening up of the economy across several spheres. It is essential to understand that 5G's impact will not be limited to the Telecom segment alone but will open up several sectors within the economy through digitalisation and intelligent connectivity. While the advent of 4G brought on successful platforms such as Uber, Airbnb, and Swiggy, 5G with its high bandwidth availability, astonishing speeds and low latency, will open up the economy to several use cases that we at this point can't even imagine. Subex will be at the forefront helping Telcos and other digital service providers take their products to the market.

Q: What will you outline as the key growth areas for Subex?

A. Our performance in Horizon 1 last year, with our core products, has been exceptional and we will take on a more aggressive outlook to expand our market share. We will go after the smaller players in this fragmented market with our enhanced portfolio. This should result in a growth rate higher that what we had last year. The biggest growth drivers, however, will be the Horizon 2 products consisting of IoT Security and Analytics. These products have already been proved in the market place and we are all set to leverage the large market expansion. This is where our near-term growth will come from. Our long-term growth, for the next 3-5 years, will be from the sustained growth of existing Horizon 2 products and newly launched Horizon 3 products. The subscription-based revenue from these products will start contributing significantly in the next couple of years.

Q: How is Subex placed with respect to attracting and retaining talent?

A. Subex is currently poised to take its products globally, and all IPs we create for our products and solutions will follow the guidelines of catering to a global audience. Secondly, it is important to note that Subex caters to some of the largest global enterprises. We currently cater to about 75% of the largest telecoms in the world. This equips us with the ability to quickly scale solutions in this large open space, among some of our largest clients. Thirdly, Subex brings to the table the advantage of access to a large amount of data, which significantly helps to run successful AI and ML models. Finally, Subex offers a unique, open and passionate culture, which forms the core of our success. All new Subexians are amazed by the refreshing nature of our open culture. As one of the early product companies, with more than two decades of innovation, Subex offers exciting opportunities for aspirational candidates.

Q: Where do you see Subex creating wealth in the long term?

A. Subex in the past has worked in the niche but vitally important segment of business optimisation within Telco. We have done a great job and got to the status of being a world leader in this space. As a part of our new growth strategy, we are looking at a much larger use case to be implemented in multi-vertical domains. Our Horizon 2 and 3 products, such as IoT security and Anomaly detection caters to an extremely large and growing market segments, which will result in our company growing significantly larger. Successful execution of this strategy will create substantial value for all stakeholders – our customers, our shareholders and Subexians. Vital to success will be the execution of our growth strategy and we look forward to continued support from all our stakeholders.

Q: How have you strengthened corporate governance and shareholder communication?

At Subex, we strongly believe that the spirit of corporate governance should stretch beyond the statutory form. Corporate governance serves as a key driver of sustainable corporate growth and long-term value creation for the stakeholders along with the protection of their interests. Subex has a strong and independent board which follows the highest level of governance. Last year, we had stepped up our communication with our investors with half yearly investor calls. We intend to move this to quarterly calls and propose to engage with our investors on a more frequent basis where we will provide regular updates on the business and outlook of the Company.

http://reports.weforum.org/global-risks-2018/global-risks-2018-fractures-fears-and-failures/

https://www.idc.com/getdoc.jsp?containerId=US43986218

FOCUSING ON CONSISTENT GROWTH AND SHAREHOLDER VALUE

In conversation with
Venkatraman G S,
Chief Financial Officer

Focusing on consistent growth and shareholder value

As we continue to execute on the strategies laid out of focusing on the three-horizon strategy as explained by Vinod Kumar Padmanabhan, our CEO, I wanted to provide an update on the financial performance of the Company.

Your company returned a decent performance for the financial year 2018-19. Consolidated revenue grew to ₹34,812 lakhs in FY 19, up from Rs.32,432 lakhs in FY 18, which is 7.3% over the previous year, and net profits after tax grew by 21.7% in FY 19 over the previous year. Revenue increased due to growth in our core business, also aided by favorable currency movements. EBITDA has remained strong at 15% and Return on Capital Employed (ROCE) is at 5.8%.

In terms of cash flows of the Company, EBITDA to Operating Cash flow grew to 85% in FY 19 from 40% in FY 18 and EBITDA to Free Cash Flow grew to 79% in FY 19 from 34% in FY 18, this has resulted in our Days Sales Outstanding (DSO) for FY 18-19 coming down to 100 days versus 120 days in FY 17-18. Efficient collection of receivables and optimal utilisation of cash has helped us report good growth in operating cash flow and improved Days Sales Outstanding (DSO).

Having come out of the FCCB loans and related overhang which was on the balance sheet of the Company, we have started work on strengthening your company's balance sheet and the liquidity. This will help us make necessary organic and inorganic investments to sustain the growth. During FY 19, in line with our values of "Make It Happen", we bolstered our digital business by investing close to ₹14.7 Crores in IoT security and Analytics offerings. These investments will provide us the impetus and platform for the growth we are expecting in these new businesses. In January 2019, company launched our new product "CrunchMetrics" which is an AI/ML based anomaly detection analytics solution for business incident discovery.

Subex has a broad range of stakeholders including clients, shareholders, creditors and regulators. With our financial performance becoming stable and with the positive business momentum as we exit FY 2018-19, we have started engaging with our investors and will step up our investor relations efforts in the coming year. We will be having regular quarterly investor calls as we announce our quarterly results every quarter and we will meet with potential Investors be it family offices, institutional and high net worth investors, to help step up sustained long-term interest in the Subex stock.

I feel honored to bring it to your knowledge that in January 2019, your company has paid off Working capital loans from its banking partners in entirety and Subex is now a completely Debt-free company.

Your company continues to give back to the society through Subex Charitable Trust. Other sections of this annual report highlight the initiatives and activities taken up by Subex in our effort to be responsible corporate citizens.

We remain dedicated to enhancing transparency and to maintain disclosure to shareholders through various additional disclosures such as Board's Report, Management Discussion and Analysis, Consolidated and Standalone Ind-AS financials and Shareholder's Information.

Outlook for FY 2019–20

Your company's rate of growth has been consistent year on year basis and we expect to continue this growth momentum for FY 20. In addition to our continuous efforts on delivery and operational efficiencies to improve margins, the Company will be increasingly focusing on business which will help us solidify our position of being a leader in digital trust solutions.

Our diversified client base has contributed to a more stable revenue stream. On the cost front, company is constantly monitoring and controlling IT costs using Cloud technology. At the same time, company will continue to focus on significant costs including Payroll and Travel costs and look at ways to optimise this further. These initiatives will help support the Company to sustain profitability as the focus remains on growth in our chosen areas.

In the coming year we will look to address our large equity capital base and make the balance sheet lighter, so that size of the balance sheet is commensurate to the size of our current business.

I would like to personally thank our outstanding Finance, Procurement, Secretarial, and Legal teams, which I am proud to lead. Their dedication, adaptability and commitment towards continuous development helps in achieving outstanding results for Subex and our stakeholders.

I feel honored to have taken over the role of Chief Financial Officer from December 2018, and I pledge to be an effective partner to our business leaders. I'm grateful to all our investors for your patience and trust. Your support helps Subex become a stronger company every day.

WINNING IN NEWER HORIZONS

In conversation with
Rohit Maheshwari,
Head of Strategy & Product

Winning in newer horizons

We are living in the new age of inventions.

Digital transformation, increasing adoption of artificial intelligence and machine learning (AI/ML) and dramatic increase in availability of cheap and powerful compute is enabling business disruption at a speed we have never seen before.

Innovation has become a must-have strategy for enterprise success in an ever-changing technological environment. The need for democratising artificial intelligence/machine learning (AI/ML) services has risen, and the industry has been going through large-scale automation.

5G, with its promise of low latency, high bandwidth connectivity with capacity to handle a very large number of devices has the promise to impact every industry.

A doorway to new use cases

The emergence of 5G as an enabler for innovation has had a positive impact on our own portfolio. By providing us with more opportunities to work on solutions like network asset management, capacity management, IoT security and digital partner management, investment in 5G has become a strategy that we feel can greatly expand our business horizons.

5G Technology allows us to cater to a much larger audience of very interesting use cases. As a result, with the advantages of our past investments, our play on digital identity, digital trust and security, we are fully equipped to compete in the market. Our significant investments in R&D, will provide our customers with solutions from the extreme disruption that 5G has created.

Dynamism at an all-time high

The world seems to have moved beyond the hype of crypto currencies and we are now seeing exploratory work to identify a number of interesting business use cases of Blockchain. We are actively involved in exploring with digital service provider consortiums to build Blockchain based partner management solution.

We are also witnessing an increasing adoption of Open Source software to accelerate innovation. A challenge that continues to remain, however, is the stitching together of multiple open source software into one cohesive platform or solutions. We believe that by making the best of open source and combining this with our domain understanding of the problem, we are well equipped to quickly identify, build and deploy innovative solutions.

Enterprises are now collecting and organising increasing amounts of data to perform business analytics. Paradoxically this continued increase in data volumes and data sets is becoming a barrier for enterprises to take full advantage. Traditional methods like dashboards and reports are now getting replaced by augmented analytics. Indeed, augmented analytics is poised to become a long-term market trend with a potential to grow into a $50 billion market by 2026. Subex has entered this space through its SaaS-based augmented analytics solution, CrunchMetrics. Marking our entry into many new sectors, we believe that we are now strongly positioned to gain great market share in the near future.

Building and evolving Machine Learning (ML) models is a challenging and time-consuming process. There clearly is a need to automate feature engineering, model building and model implementation, thus making ML accessible to increasing set of customers. Subex is very focused on automating the complete data analytics pipeline in all our products. As our business diversifies into new verticals, we see this as a very powerful gateway into sectors beyond telecom, like financial technology, e-commerce, insurance and other financial services. While we are already the market leaders of fraud management in telecom, we are keen to explore other verticals and emerge successful in them as well.

With respect to digital identity, this year has been a watershed one for industries in cyber security. The way individuals and enterprises currently protect accounts and information is becoming history as synthetic IDs, stolen accounts, deep fakes and password thefts increasingly make the headlines. Organisations are beginning to question the credibility of the identity of the person/bot they interact with, and here, we see opportunities for technology in verifying digital identities.

Towards continued leadership

The coming years have in store unlimited opportunities that allow us a huge potential to expand. We at Subex are committed to continue to provide value to our customers by persistently pursuing the shortest and surest paths to innovation. Our ability to effectively tap newer developments makes us confident that in the future, we will continue to lead in more than just the telecom industry.

IOT SECURITY:
POISED FOR EXPONENTIAL GROWTH

In conversation with
Kiran Zachariah,
Head of IoT Security

According to credible estimates, IoT security is expected to grow by 680% to become a $680 Billion industry. Subex intends to be a dominant player in this space.

IoT Security: Poised for exponential growth

IoT Security has been a strong growth area for Subex. This year, we grew our revenues considerably and are looking at a strong order book in the year ahead. Our strategy to be a multi-vertical player has paid us rich dividends. We have broken ground in verticals such as oil and gas, smart cities, connected cars and manufacturing while deepening market traction in traditional verticals such as telecom. The new verticals have given us a substantial set of use cases and out of the box solutions to address common pain points connected with each of them. We intend to replicate and use these learnings to pursue and engage future accounts.

One of Subex's strengths has been our presence in the telecom vertical. Our engagements with Pod and Telefonica bear testament to the depth and breadth of our engagement with telcos . As telcos provide connectivity to a significant proportion of IoT devices, Subex aims to leverage these relationships to become the largest IoT security provider.

This year also saw the launch of a new suite of products to augment our existing fraud management solution. Designed keeping the convergence of security and fraud at most of our telco customers in mind, our digital fraud prevention suite can, not only detect but also prevent instances of fraud by being directly linked to the network. The suite can also increase the coverage of an existing fraud prevention team from voice, data and fraud management services to digital services such as IPTV, marketplace etc., being rolled out by telcos.

We have also moved into 5G security. Through critical partnerships and other efforts, we were able to log our first win in this space. This has also placed us in a very strong position to ride the impending 5G wave and we are positively excited about it.

The competitive landscape has changed considerably in the last year with the emergence of well-funded start-ups and due to large cyber security companies moving into IoT security. To compound this, we are competing with different players in each vertical.

Our investments in the last 4 years to derive organically generated threat intelligence is among our key differentiators allowing Subex to win in the marketplace. Platform enhancements are in the works in key areas to keep the product ahead of market trends and aligned to emergent customer needs. Our focus on Artificial Intelligence and Machine Learning is another sales driver for us. Our research collaboration with universities around the world is another area of focus for Subex.

According to credible estimates, IoT security is expected to grow by 680% to become a $680 Billion industry. Subex intends to be a dominant player in this space. Our advantage drawn from being an early mover alongside our focused efforts, investments and collaboration have held us in good stead thus far. We will continue to work towards maintaining and improving our position to deliver exponential value to our customers and growth to the Company and specifically our shareholders.

WHERE WE OPERATE

90+
Countries

200+
Customers

300+
Installations

SUBEX – MAKING A DIFFERENCE TOGETHER

Subex Charitable Trust (SCT) is a non-profit trust that mobilises employee participation in community projects. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. 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. SCT is managed by trustees elected amongst the employees of the Company.

During the year

- Vocational training for 25 Blind/ Disabled Women: SCT tied up with Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries.
- SCT has contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas
- During Kerala and Kodagu floods, SCT also stepped in to help the flood victims by collecting flood relief materials and ensured that it was sent to victims through army trucks.

BOARD OF DIRECTORS

Anil Singhvi
Chairman & Independent Director

Nisha Dutt
Independent Director

Poornima Prabhu
Independent Director

George Zacharias
Independent Director

Vinod Kumar Padmanabhan
Managing Director
& Chief Executive Officer

LEADERSHIP TEAM

Vinod Kumar Padmanabhan
Managing Director & Chief Executive Officer

Shankar Roddam
Chief Operating Officer

Venkatraman G S
Chief Financial Officer

Mohan Sitharam
Chief Human Resources Officer

Rohit Maheshwari
Head of Strategy & Products

Kiran Zachariah
Head of IoT Security

Suraj Balachandran
Head of Sales – EMEA & APAC

Mark Bourgoin
Vice President – Americas

BOARD'S REPORT

Dear members

Your Directors have pleasure in presenting the 25th Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2019.

1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2019 is summarized as below:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	34,812	32,432	1,916	17,993
Share of profit/(loss) net	-	-	(1,600)	37
Other Income	101	140	10	66
Finance Cost	216	775	4	547
Profit/(Loss) before Exceptional items & tax expense	4,708	2,275	(2,455)	(200)
Exceptional Items	-	1,166	-	389
Profit/(Loss) before tax	4,708	3,441	(2,455)	189
Tax expenses	2,186	1,373	(2)	157
Profit/ (Loss) after tax	2,522	2,068	(2,453)	32
Other comprehensive income	(428)	(240)	(3)	(8)
a) to be reclassified to profit or loss in subsequent periods	(390)	(210)	-	-
b) not to be reclassified to profit or loss in subsequent periods	(38)	(30)	(3)	(8)
Total comprehensive income for the year	2,094	1,828	(2,456)	24

2. RESULTS OF OPERATIONS

During the financial year ended March 31, 2019, the total revenue on a standalone basis was ₹1,916 lakhs as against the revenue for the previous year which was ₹17,993 Lakhs. The Company has during the year under review incurred a loss of ₹2,453 lakhs as against a profit of ₹32 lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹34,812 lakhs as against ₹32,432 lakhs during the previous year. The profit for the financial year 2018-19 was ₹2,522 lakhs as against a profit of ₹2,068 lakhs in the previous year.

3. DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2018-19.

4. RESERVES

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation. The total earnings of ₹2,094 lakhs available with the Company on a consolidated basis is proposed to be retained in the statement of profit and loss.

5. SHARE CAPITAL

As at March 31, 2019 and as at the date of this report, the authorized share capital of the Company was ₹5,900,000,000 (Rupees Five hundred and ninety crores only) divided into 588,040,000 (Fifty-eight crores, eighty lakhs and forty thousand only) equity shares of ₹10 (Rupees Ten only) each and 2,00,000 (Two Lakhs only) preference shares of ₹98 (Rupees Ninety-Eight only) each.

As at March 31, 2019 and as at the date of this report, the issued, subscribed and paid-up share capital of the Company was ₹5,620,029,350 (Rupees Five hundred and sixty two crores, twenty nine thousand and three hundred and fifty only) divided into 562,002,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹10 (Rupees Ten only) each.

6. BUSINESS

Subex is a leading telecom analytics solutions provider, enabling a digital future for global Telco's. 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 optimize 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:

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

7. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

As on March 31, 2019, the Company has 9 subsidiaries.

SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2019, Subex Assurance LLP earned a net income of ₹30,133 lakhs as against a net income of ₹12,813 Lakhs in the previous year and a net profit of ₹165 Lakhs, as against a net profit of ₹635 lakhs in the previous year

As at March 31, 2019, Subex Limited held more than 99.99 % of the capital in Subex Assurance LLP and the balance is held by Subex Digital LLP.

- For the year ended March 31, 2019, the Standalone income of Subex (UK) Limited was ₹18,803 Lakhs as against ₹16,401 Lakhs in the previous year, and a net gain of ₹1,370 Lakhs as against a net loss of ₹8,197 lakhs in the previous year.
- Subex (Asia Pacific) Pte. Limited is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2019, the Standalone income of Subex (Asia Pacific) Pte. Limited was ₹3,952 Lakhs as against ₹2,997 lakhs in the previous year, and a net gain of ₹18 lakhs as against a net loss of ₹644 Lakhs in the previous year.
- Subex Inc.is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2019, the Standalone income of Subex Inc. was ₹9,839 lakhs as against ₹9,353 Lakhs in the previous year, and the net gain was ₹117 lakhs as against a net gain of ₹78 Lakhs in the previous year.
- As on March 31, 2019, Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.
- Subex Middle East (FZE) is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2019, the standalone income of Subex Middle East (FZE) was ₹1,388 lakhs as against ₹1,132 Lakhs in the previous year and a net gain of ₹60 lakhs as against a loss of ₹14 Lakhs in the previous year.

SUBEX DIGITAL LLP

For the year ended March 31, 2019, Subex Digital LLP earned an income of ₹438 Lakhs as against ₹33 Lakhs in the previous year, and a net loss of ₹1,765 Lakhs as against a net loss of ₹598 Lakhs in the previous year.

As at March 31, 2019, 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

For the year ended March 31, 2019, Subex Technologies Limited incurred a net loss of ₹4 Lakhs as against a net loss of ₹1 Lakh in the previous year. Subex Technologies Limited is a wholly owned subsidiary of Subex Limited.

SUBEX AMERICAS INC.

For the year ended March 31, 2019, the standalone income of Subex Americas Inc. was ₹957 Lakhs as against ₹851 Lakhs in the previous year, and the net profit was ₹96 Lakhs as against a net profit of ₹6,271 Lakhs in the previous 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, 2019, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc.

The above-mentioned numbers are as per the audited financial statements of respective subsidaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiary companies, which forms part of the Annual Report. A statement containing salient features of the financial statements of the subsidiaries of the Company in Form AOC-1, forms part of the annexure to the Standalone Financial Statements.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company under the following link https://subex.com/shareholder-services/.

Further, as per the fourth proviso to the said Section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company under the following link https://subex.com/shareholder-services/. These documents will also be available for inspection during business hours at the registered office of the Company at Bengaluru, India.

8. DEPOSITS

Your Company has not accepted any deposits from the public during the year and there are no deposits which remain unclaimed or unpaid as at the end of the year and, as such, no amount of principal or interest was outstanding as of the date of the Balance sheet.

9. EMPLOYEE STOCK OPTIONS SCHEMES

All the schemes endeavor to provide incentives and retain employees who contribute to the growth of the Company. During the year under review, there has been no variation in the terms of ESOP schemes. Additional details have also been disclosed under Note 36 to the standalone financial statements which form part of the Annual Report.

Details of the Company's Employee Stock Option Plans and a summary disclosure in compliance with the Companies (Share Capital and Debentures) Rules, 2014, forms part of this report as "**Annexure A**". The details as required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 are available on the Company's website https://subex.com/shareholder-services/.

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 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-2018 (ESOP-V)

The Company pursuant to resolutions passed by the Board and the Shareholders dated June 26, 2018 and July 31, 2018, respectively, has adopted the Subex Employees Stock Option Scheme-2018 ("ESOP – V" or "Plan")

The Board authorized the Nomination & Remuneration Committee or such other person(s) as maybe authorised by the Nomination & Remuneration Committee for the superintendence and administration of the Plan. The ESOP Plan would be implemented through the Subex Employee Welfare and ESOP Benefit Trust, "ESOP Trust", by acquiring the equity shares of the Company from the secondary market. Total number of Options to be granted under the Scheme shall not exceed 5% (Five percent) of the paid- up equity capital as on March 31, 2018.

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

Details of Loans, Guarantees or Investments covered under Section 186 of the Companies Act 2013, are given in note number 34 (b) (iv) to the Standalone Financial Statements.

11. MATERIAL CHANGES AND COMMITMENTS, EFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT.

The Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director, to hold office until the date of the 25th Annual General Meeting (AGM).

There have been no material changes for the period between end of the financial year 2018-19 and the date of this report effecting the financial position of the company.

12. 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, "SEBI (LODR), Regulations, 2015", as amended from time to time. The Auditor's certificate on compliance with respect to the same is annexed herewith as "**Annexure B**". In addition, it has documented its internal policies in line with the Corporate Governance guidelines.

13. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis report is presented in a separate section forming part of this Annual Report.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per Section 152 of the Companies Act, 2013, at least two-thirds of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each AGM 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 AGM.

Pursuant to 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 & CEO of the Company effective from April 01, 2018, for a tenure of three years. The said appointment was approved by the members at the 24th AGM of the Company held on July 31, 2018.

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

APPOINTMENT

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director of the Company and he shall hold office until the date of the 25th AGM. His appointment for a period of five years is being placed before the members for their approval at the ensuing AGM.

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/

CHANGES IN THE KEY MANAGERIAL PERSONNEL

Ms. Mehernaz Dalal resigned from the position of Chief Financial Officer w.e.f. November 30, 2018. Mr. Venkatraman G S was appointed as the Chief Financial Officer of the Company w.e.f. November 30, 2018.

Mr. G V Krishnakanth was appointed as the Company Secretary of the Company w.e.f July 10, 2018 and Compliance Officer w.e.f. July 19, 2018.

15. BOARD MEETINGS

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

Board Meeting Number	Date of Meeting
1/2018-19	May 04, 2018
2/2018-19	June 26, 2018
3/2018-19	July 19, 2018
4/2018-19	July 31, 2018
5/2018-19	September 10, 2018
6/2018-19	October 31, 2018
7/2018-19	January 29, 2019

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, 2019 carried out an annual performance evaluation of its own performance, Chairman and the directors individually, as well as the evaluation of the working of its committees. The manner of evaluation 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 E**". and the Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as "**Annexure G**".

18. AUDIT COMMITTEE

As on March 31, 2019, the Audit Committee had four Directors as its members viz. Mr. Anil Singhvi, Chairman & Independent Director, Ms. Nisha Dutt, Independent Director, Ms. Poornima Prabhu, Independent Director and Mr. Vinod Kumar Padmanabhan, 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, including amendments thereon. Further details of the Audit Committee have been provided in the report on Corporate Governance forming part of this Annual Report.

19. AUDITORS

There are no instances of frauds reported by auditors pursuant to sub-section (12) of Section 143 which are reportable to the Central Government.

STATUTORY AUDITORS

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. The requirement for ratification of appointment of auditors by the members at every AGM is done away with, vide the Ministry of Corporate Affairs notification dated May 07, 2018.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors of the Company in the Audit Report.

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 V. Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure C**".

The Secretarial Audit Report for the year ended March 31, 2019 does not contain any qualification, reservation or adverse remark.

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 have not been provided as they are not applicable to the Company. None of the employees of the Company, draw remuneration in accordance with the limits prescribed under the said Rules. Hence the details of the top 10 (ten) employees under the said Rules have not been stated.

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 the Company has on the environment from its own operations is relatively low when compared to companies in other industries. However, the Company 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, ensuring 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 OUTGO

During the year 2018-19 total foreign exchange inflow and outflow is as follows:

i) Foreign Exchange earnings ₹2,178 Lakhs (Previous Year ₹16,240 Lakhs)

ii) Foreign Exchange outgo ₹678.44 Lakhs (Previous Year ₹9,592 Lakhs)

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 as on March 31, 2019.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
Ms. Nisha Dutt	Independent Director

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

Particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in "**Annexure H**" to the Boards' report.

The CSR Committee charter and the CSR Policy of the Company are available in the website under the below link https://www.subex.com/shareholder-services/.

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 to the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries. The SCT has also provided its support for the education of economically challenged meritorious students as part of the Nurture Merit Programme. Further details have been provided in a separate section in this Annual Report as "**Annexure H** ".

25. RISK MANAGEMENT POLICY & IMPLEMENTATION

The Risk Management Committee has been constituted as required under Regulation 21 of the SEBI (LODR) Regulations, 2015, voluntarily by the Company. According to Regulation 21 (5), the provisions of Risk Management Committee shall be applicable to top 500 listed entities, determined on the basis of market capitalization.

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 provisions 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) of the Section) 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. 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) of the Section) 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 reviews and updates on processes for projects and organization, alignment to the new organization structure. Identification and involvement of process owners to review processes and make it relevant and align it to the organization. Some of the requirements which were specific to customer were customized, with audits conducted for some of the accounts.

28. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instance of fraud, leakage of Unpublished Price Sensitive Information 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 2018-19.

29. POLICY ON SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE

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 the 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 (ICC) chaired by a senior female employee of the Company, has been set up to redress complaints received under this Act.

During the year under review, no complaints have been received by the Company.

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 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 F**".

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

There were no significant material orders passed by 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 as "**Annexure D**".

The annual return for the financial year 2017-18 pursuant to section (3) of section 92 has been placed on the website of the Company, www.subex.com.

34. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2018-19 to the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE') where the Company's shares are listed.

35. MAINTENANCE OF COST RECORDS

Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable to the Company as the Company operates out of a Special Economic Zone (SEZ) .

36. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provision of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and belief, affirms:

a) In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) That the accounting policies have been selected and applied consistently and it has made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the 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, 2019 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.

37. APPRECIATION/ACKNOWLEDGEMENTS

Your Directors thank the customers, vendors, investors, shareholders and bankers for their continued support during the year. We place on record our appreciation for the support /co-operation extended by the various departments of the Government of India, Government of Karnataka, Central and State Government authorities particularly, SEZ authorities, Ministry of Corporate Affairs, Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs, the Ministry of Commerce and Industry, Ministry of Labour and employment, Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Ltd, National Securities Depository Limited and Central Depository Services (India) Limited and other State Government authorities and look forward to their support in all future endeavors.

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	For Subex Limited
Anil Singhvi	**Vinod Kumar Padmanabhan**
Chairman & Independent Director	*Managing Director & CEO*
DIN:00239589	DIN:06563872

Bengaluru, India
May 13, 2019

ANNEXURE A

Information as at March 31, 2019 pertaining to the Employee Stock Option Schemes of the Company

Sl.No	Particulars	ESOP 2005	ESOP 2018
1	Net options granted as on March 31, 2019	18,564	1,06,50,000
	Options granted during the year	-	1,06,50,000
2	Options vested but not exercised as on March 31, 2019	6,125	-
	Options vested during the year	-	-
3	Options exercised as on March 31, 2019	12,439	-
	Options exercised during the year	-	-
4	The total number of shares arising as a result of exercise of options during the year ended March 31, 2019	-	-
5	Exercise Price	₹10.26 - ₹24.99	₹6
6	Variation of terms of options	None	None
7	Money realized by exercise of options during the year	-	-
8	Total number of options in force	6,125	1,06,50,000
9	Options lapsed/cancelled/ surrendered as on March 31, 2019	58,20,354	Nil
	Options lapsed/cancelled/ surrendered during the year	17,930	Nil
10	Employee wise details of options granted during the year under review to:	-	-
	(i) Key managerial personnel	-	Vinod Kumar Padmanabhan- MD & CEO - 17,00,000* Venkatraman G S-CFO - 6,50,000 G V Krishnakanth-CS - 1,50,000
	(ii) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	Shankar Roddam - 900,000 Kiran Zachariah - 900,000 Mark Bourgoin - 650,000 Jamie More - 650,000 Suraj Balachandran - 650,000 Rohit Maheshwari - 650,000 Mohan Sitharam - 650,000
	(iii) identified employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	-	-
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share'	(₹ 0.44)	(₹ 0.44)
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:	N.A	N.A
13	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.(As per note 35 of the Standalone Financial Statements)	₹13.74	₹18.24
14	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information :	N.A	Black-Scholes Model
	i. risk-free interest rate		6.90%
	ii. expected life		2 years
	iii. expected volatility		50%
	iv. expected dividends		0%
	v. market price on grant date		₹5.70

* Stock options granted to Mr. Vinod Kumar Padmanabhan, as an employee of Subex Assurance LLP.

For Subex Limited

Anil Singhvi
Chairman & Independent Director
DIN:00239589

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872

Bengaluru, India
May 13, 2019

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, 2018 to March 31, 2019. 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

Date: May 13, 2019
Place: Bengaluru

ANNEXURE C

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2019

[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, 2019 (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 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;

   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; (Not Applicable to the Company during the Audit Period);

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Audit Period); and

   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

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.

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

Bengaluru
May 13, 2019

Secretarial compliance report of Subex Limited for the year ended March 31, 2019

We have examined:

(a) all the documents and records made available to us and explanation provided by Subex Limited ("the listed entity");

(b) the filings/ submissions made by the listed entity to the stock exchanges;

(c) website of the listed entity;

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;

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

(d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Review Period);

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Review Period);

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013 (Not Applicable to the Company during the Review Period);

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder;

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following action to comply with the observation made in previous reports:

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	The provisions of Section 203 of the Companies Act, 2013 has not been complied w.r.t appointment of Whole Time Company Secretary (the company has a company secretary who has been appointed as an acting Company Secretary but not as a Key Managerial Personnel).	31.03.2018 (Secretarial Audit Report pursuant to the provisions of Companies Act, 2013)	The Company has appointed Mr. G V Krishnakanth as a Whole Time Company Secretary under the provisions of Section 203 of the Companies Act, 2013 w.e.f 10.07.2018	For the period of non-compliance, the Company has to either compound or get it adjudicated with the Registrar of Companies, Karnataka

For **V. SREEDHARAN & ASSOCIATES**

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

Bengaluru
May 13, 2019

ANNEXURE D

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	December 06, 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. 080-23469664/665

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	-	46
2.	Managed services	-	28
3.	Support services	-	20

The above- mentioned services are constituents of Sub-contracting charges as recorded in the Financial Statements of the Company.

Additionally, the Company has made Investments in LLPs and the share of profit received from these investments contributes to 8% of total turnover of the Company.

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	100.00	2 (87)
2.	Subex Assurance LLP, India	AAJ-0729	Subsidiary	100.00	2 (87)
3.	Subex Digital LLP, India	AAJ-0728	Subsidiary	100.00	2 (87)
4.	Subex Americas Inc., Canada	Foreign Company	Subsidiary	100.00	2 (87)
5.	Subex (UK) Limited, England	Foreign Company	Subsidiary	100.00	2 (87)
6.	Subex Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
7.	Subex (Asia Pacific) Pte Limited, Singapore	Foreign Company	Subsidiary	100.00	2 (87)
8.	Subex Azure Holdings Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
9.	Subex Middle East (FZE), UAE	Foreign Company	Subsidiary	100.00	2 (87)

*Includes % 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	0.08	4,74,044	-	4,74,044	0.08	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,21,200	-	5,21,200	0.09	-	-	-	-	(0.09)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**9,74,044**	**-**	**9,74,044**	**0.17**	**4,74,044**	**-**	**4,74,044**	**0.08**	**(0.09)**
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other.	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**9,74,044**	**-**	**9,74,044**	**0.17**	**4,74,044**	**-**	**4,74,044**	**0.08**	**(0.09)**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	28,48,537	-	28,48,537	0.51	14,62,082	-	14,62,082	0.26	(0.25)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.01	78,764	-	78,764	0.01	-
g) FIIs	-	-	-	-	-	-	-	-	-
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)	**5,80,22,300**	**-**	**5,80,22,300**	**10.32**	**15,40,846**	**-**	**15,40,846**	**0.27**	**(10.05)**
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	11,83,97,679	400	11,83,98,079	21.07	11,51,35,575	400	11,51,35,975	20.50	(0.57)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹1 lakh	12,81,49,774	44,251	12,81,94,025	22.81	12,17,77,651	41,227	12,18,18,878	21.68	(1.13)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	21,11,59,948	-	21,11,59,948	37.57	26,49,70,321	-	26,49,70,321	47.15	9.58
c) Others (specify)	-	-	-	-	-	-	-	-	-
Trusts	3,88,300	-	3,88,300	0.07	3,91,300	-	3,91,300	0.07	-
Director & their relatives	79,095	-	79,095	0.01	79,095	-	79,095	0.01	-
Foreign Nationals	81,194	-	81,194	0.01	81,194	-	81,194	0.01	-
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non-Resident Indians	1,02,22,484	-	1,02,22,484	1.82	1,21,01,827	-	1,21,01,827	2.15	0.33
O C Bs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	37,95,674	-	37,95,674	0.68	12,06,890	-	12,06,890	0.21	(0.47)
shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	2,76,48,411	-	2,76,48,411	4.93	2,79,56,782	-	2,79,56,782	4.98	0.05
NRIs/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	22,35,775	-	22,35,775	0.40	39,48,118	-	39,48,118	0.70	0.30

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	
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	5,58,729	1,670	5,60,399	0.10	8,54,436	22	8,54,458	0.15	0.05
Sub-Total(B)(2)	**50,27,17,063**	**46,321**	**50,27,63,384**	**89.47**	**54,85,03,189**	**41,649**	**54,85,44,838**	**97.61**	**8.14**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**56,17,13,407**	**46,321**	**56,17,59,728**	**99.79**	**55,00,44,035**	**41,649**	**55,00,85,684**	**97.88**	**(1.91)**
C. Shares held by Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.04	2,43,207	-	2,43,207	0.04	-
Employee Benefit Trust [under the SEBI (Share Based Employee Benefit) Regulations, 2014]#	-	-	-	-	1,12,00,000	-	1,12,00,000	1.99	1.99
Grand Total (A+B+C)	**56,19,56,614**	**46,321**	**56,20,02,935**	**100**	**56,19,61,286**	**41,649**	**56,20,02,935**	**100**	

Held in the Demat account of the Trustees of the Subex Employee Welfare and ESOP Benefit Trust

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	0.09	0.01	Nil	0.00	NA	(0.09)
2.	Subash Menon	80,601	0.01	0.01	1,01,801	0.02	0.02	0.01
3.	Sudeesh Yezhuvath	3,72,243	0.07	0.00	3,72,243	0.07	0.00	0.00

III. Change in Promoters' Shareholding

Sl. No.		Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**At the beginning of the year**				
	Kivar Holdings Private Limited	5,21,200	0.09		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity, etc) Inter - se transfer of 5,00,000 shares to Mr. Subash Menon on August 09, 2018			21,200	0.00
	Inter-se transfer of 21,200 shares to Mr. Subash Menon on March 30, 2019			Nil	0.00
2.	**Subash Menon**	80,601	0.01		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc)				
	Inter-se transfer of 5,00,000 shares from Kivar Holdings Private Limited on August 09, 2018			5,80,601	0.10
	Sale of 5,000 shares on September 25, 2018			5,75,601	0.10

Sl. No.		Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Sale of 2,95,000 shares on September 26, 2018			2,80,601	0.05
	Sale of 25,000 shares on September 27, 2018			2,55,601	0.04
	Sale of 1,25,000 shares on September 28, 2018			1,30,601	0.02
	Sale of 50,000 shares on October 01, 2018			80,601	0.01
	Inter-se transfer of 21,200 shares from Kivar Holdings Private Limited on March 30, 2019			1,01,801	0.02
3.	**Sudeesh Yezhuvath**	3,72,243	0.07		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity, etc): **None**			3,72,243	0.07
	At the End of the year			3,72,243	0.07
1.	Kivar Holdings Private Limited			Nil	NA
2.	Subash Menon			1,01,801	0.02
3.	Sudeesh Yezhuvath			3,72,243	0.07

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.	UNO Metals Ltd	2,56,02,000	4.56	1,94,12,000	3.45
2.	AKG Finvest Ltd	1,97,10,000	3.51	1,85,60,000	3.30
3.	Shivani Tarun Haribhakti	1,00,000	0.02	1,15,85,337	2.06
4.	Niveditha Lalge R & Prashanth Nayak M [&]	Nil	-	1,12,00,000	1.99
5.	Stock Holding Corporation of India Ltd - A/C NSE Derivatives	6,26,000	0.11	66,70,042	1.19
6.	Barclays Wealth Trustees India Private Limited	Nil	-	55,00,000	0.98
7.	Hitesh Harakhchand Vora	12,49,999	0.22	47,71,999	0.85
8.	Anagha Advisors LLP	Nil	-	44,50,000	0.79
9.	Edelweiss Custodial Services Limited	16,80,388	0.30	52,49,943	0.93
10.	Dilipkumar Lakhi	40,96,322	0.73	40,96,322	0.73

[&] Held by the Trustees of the Subex Employee Welfare and ESOP Benefit Trust

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding		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.	Anil Singhvi	60,000	0.01	60,000	0.01
2.	Nisha Dutt	NIL	N.A	-	-
3.	Poornima Prabhu	NIL	N.A	-	-
4.	Vinod Kumar Padmanabhan	19,095	0.01	19,095	0.01
5.	Ashwin Chalapathy (resigned w.e.f. May 4, 2018)	NIL	N.A	-	-
6.	Mehernaz Dalal (resigned as CFO w.e.f. November 30, 2018)	NIL	N.A	-	-
7.	Venkatraman G S (appointed as CFO w.e.f. November 30, 2018)	N.A	N.A	NIL	N.A
8.	G V Krishnakanth (appointed as CS w.e.f. July 10, 2018)	N.A	N.A	NIL	N.A

Sl. No.	For Each of the Directors and KMP	Shareholding		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 end of the year				
1.	Anil Singhvi	60,000	0.01	60,000	0.01
2.	Nisha Dutt	NIL	N.A	-	-
3.	Poornima Prabhu	NIL	N.A	-	-
4.	Vinod Kumar Padmanabhan	19,095	0.01	19,095	0.01
5.	Ashwin Chalapathy (resigned w.e.f May 04, 2018)	NIL	N.A	-	-
6.	Mehernaz Dalal (resigned w.e.f November 30, 2018)	NIL	N.A	-	-
7.	Venkatraman G S	NIL	N.A	-	-
8.	G V Krishnakanth	NIL	N.A	-	-

V. INDEBTEDNESS

The Company is debt-free as on March 31, 2019.

VI. OTHER REMUNERATION OF DIRECTORS AND MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Vinod Kumar Padmanabhan Managing Director & CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	56.97#	56.97
	(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	**56.97**	**56.97**
	Ceiling as per the Act	60 Lakhs pa as per Section II of Part II of Schedule V of the Act	60 Lakhs.

Remuneration paid from Subex Limited.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of Directors			
		Anil Singhvi	Nisha Dutt	Poornima Prabhu	Total Amount
1.	Independent Directors				
	Fee for attending board/committee meetings	24.00	14.00	18.00	56.00
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	24.00	14.00	18.00	56.00
2.	Other Non-Executive Directors	Ashwin Chalapathy (resigned w.e.f 04.05.2018)			
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	24.00	14.00	18.00	56.00
	Total Managerial Remuneration	**24.00**	**14.00**	**18.00**	**56.00**
	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, except Options)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Mehernaz Dalal Chief Financial Officer upto November 30, 2018	Mr. Venkatraman G S Chief Financial Officer w.e.f November 30, 2018	Mr. G V Krishnakanth Company Secretary w.e.f July 10, 2018
1.	Gross salary			
	(a)Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	63.08	29.78	23.52
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options (granted)	-	6,50,000	1,50,000
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...		-	-
5.	Others, please specify (Flexible Benefit Plan)	-	1.44	-
	Total (1+2+3+4+5)	**63.08**	**31.22**	**23.52**
	Ceiling as per the Act	**Not Applicable**		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE E

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

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

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

b) In case of appointment of Independent Directors, the 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 and ;

    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 are 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; and

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

D. Remuneration Policy for Other Employees

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

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

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

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

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

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

ANNEXURE F

FORM NO. AOC.2

(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	
a. Name(s) of the related party and nature of relationship	NOT APPLICABLE
b. Nature of contracts/ arrangements/ transactions	
c. Duration of the contracts/ arrangements/ transactions	
d. Salient terms of the contracts or arrangements or transactions including the value, if any	
e. Justification for entering into such contracts or arrangements or transactions	
f. Date(s) of approval by the Board	
g. Amount paid as advances, if any:	
h. 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 arrangements 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 Azure Holdings Inc (h) Subex Assurance LLP (i) Subex Digital LLP (All the aforementioned entities are subsidiaries of Subex Limited)
(b) Nature of contracts/ arrangements/ transactions	**A. Sub-Contracting Transactions** Subex (Asia Pacific) Pte Ltd Subex Inc. **B. Marketing & Allied Services Expense Transactions** Subex (UK) Limited Subex Inc. **C. Reimbursement of expenses** Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Assurance LLP Subex Digital LLP
(c) Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.

Additional Note for point no. 2 : The Company had granted an interest free loan to the Subex Employee Welfare and ESOP Benefit Trust during the financial year. (Refer Note 32 forming part of the Standalone Financial Statements)

(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. 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. The details pertaining to the value of transactions, form part of the Related Party Schedule to the Standalone Financial Statements. (Note 32)
(e) Date(s) of approval by the Board, if any:	May 04, 2018
(f) Amount paid as advances, if any:	N.A

For Subex Limited

Anil Singhvi
Chairman & Independent Director
DIN:00239589

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872

Bengaluru, India
May 13, 2019

ANNEXURE G

Details / Disclosures of Ratio of Remuneration

Particulars	
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Vinod Kumar Padmanabhan (MD & CEO) 3.65 : 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: 51.62% CFO & CS: Incomparable.
(iii) the percentage increase in the median remuneration of employees in the financial year;	The median remuneration increased by 27.70 %.
(iv) the number of permanent employees on the rolls of Company;	33
(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 51.10% in the salaries of employees other than managerial personnel. This increase is due to the reallocation of employees between the Company and its subsidiaries (i.e between Subex Limited, Subex Assurance LLP and Subex Digital LLP). There was increase of 51. 62% in the remuneration paid to the MD & CEO during the period under review.
(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 H

ANNUAL REPORT ON CSR ACTIVITIES

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

1. OBJECTIVE AND SCOPE

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

The CSR Activities of the company will be focused on :

a) eradicating extreme hunger and poverty; b) promotion of education; c) promoting gender equality and empowering women; d) reducing child mortality and improving maternal health; e) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; f) ensuring environmental sustainability; g) employment enhancing vocational skills; h) social business projects; i) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and j) such other matters as may be prescribed.

For more detail visit https://www.subex.com/shareholder-services/.

2. 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, 2019.

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Ms. Nisha Dutt	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

3. Average Net Profit of the Company for the last three financial years: (₹5,967.92 Lakhs)

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): NIL

5. Details of CSR spent during the financial year:

   a. Total amount spent for the financial year: Not applicable

   b. Amount unspent, if any: Not applicable

   c. Manner in which the amount spent during the financial year is detailed below:

Particulars	Details
CSR project or activity identified	Not Applicable
Sector in which the project is covered	
Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	
Amount outlay (budget project or programme wise)	
Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	
Cumulative expenditure up to the reporting period	
Amount Spent directly or through implementing agency	

6. Reason for not spending the prescribed CSR expenditure: Not Applicable

7. CSR Responsibility Statement:

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.

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 to the Prerana Resource Centre for providing vocational training to visually impaired and disabled orphan teenage girls. As part of this program, 25 girls have been provided vocational training to enable them to attain work opportunities across various industries. The SCT has also provided its support for the education of economically challenged meritorious students as part of the Nurture Merit Programme.

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

Pursuant to the provisions of Section 198 of the Companies Act, 2013, the company has incurred losses during the preceding 3 financial years. Though it is not mandatory to incur any expenditure on CSR activities, the below activities have been voluntarily undertaken during the year.

a) An amount of ₹5,92,000 was contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas.

b) The SCT also sponsored vocational training programmes to the Prerana Resource Centre. The Centre is an organization for visually impaired and disabled orphan teenage girls, aiming to make them self-reliant through these trainings. An amount of ₹7,88,000 was contributed towards this cause.

For Subex Limited	For Subex Limited
Anil Singhvi	**Vinod Kumar Padmanabhan**
Chairman & Independent Director	*Managing Director & CEO*
DIN:00239589	DIN:06563872

Bengaluru, India
May 13, 2019

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.

All details mentioned in this Report are as at March 31, 2019. Material changes and events between the end of the financial year and date of the report are provided where ever required.

II. BOARD OF DIRECTORS

As on March 31, 2019, the Board of Directors of Subex Limited comprises of four directors out of which one is an Executive Director and three are Independent Directors. The Independent Directors satisfy the criteria of independence specified in the Act and as laid down under Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015. They also meet the criteria for their appointment formulated by the Nomination & Remuneration Committee ("NRC") as approved by the Board.

Mr. Vinod Kumar Padmanabhan was appointed as the Chief Executive Officer and Managing Director of the Company with effect from April 01, 2018. The Board appointed Mr. Vinod Kumar Padmanabhan as a member of the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee 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 Company is listed amongst top 1000 Companies based on market capitalisation as on March 31, 2019, by the National Stock Exchange of India Limited. In accordance with amendment to Regulation 17(1)(c) of the SEBI (LODR) Regulations, the Board of Directors of the Company shall comprise of six directors with effect from April 01, 2019. In line with the said amendment, the Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director, to hold office until the date of the 25th Annual General Meeting (AGM) and intends to appoint one more person as Additional Director.

A. Details of Board of Directors and their attendance is as follows:

Director	Position & Category	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. Of Directorships in Private Companies	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. Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer [Executive/ WTD]	7	6	Yes	-	2	-	2
Mr. Anil Singhvi	Chairman & Independent Director	7	7	Yes	1	6	2	4
Ms. Nisha Dutt	Independent Director	7	4	Yes	-	1	-	2
Ms. Poornima Prabhu	Independent Director	7	7	Yes	-	1	-	1
**Mr. Ashwin Chalapathy	Non-Executive, Non-Independent Director	1	0	NA	-	1	-	-

Details of Directorships along with category held by Directors in other Listed Entities:

Name of the Director	Name of the Listed Entity	Category of Directorship
*Mr. Vinod Kumar Padmanabhan	Nil	Nil
Mr. Anil Singhvi	Hindustan Construction Company Limited # Deepak Fertilisers and Petrochemicals Corporation Ltd	Independent Director Independent Director
Ms. Nisha Dutt	Nil	Nil
Ms. Poornima Prabhu	Nil	Nil
**Mr. Ashwin Chalapathy	Nil	Nil

Notes:

▲ Includes both Listed and Unlisted Public Companies and includes the Directorship details held in Subex Limited.

■ Committee means Audit Committee and Stakeholders' Relationship Committee. Membership details mentioned above includes chairmanship positions held.

* The Board at its meeting held on March 21, 2018, appointed Mr. Vinod Kumar Padmanabhan as the Managing Director and Chief Executive Officer of the Company with effect from April 01, 2018.

** The Board at its meeting held on May 04, 2018, considered the resignation tendered by Mr. Ashwin Chalapathy from the Directorship of the company with effect from May 04, 2018. All details of Mr. Ashwin Chalapathy in this report, wherever it appears, are up to the date of his resignation.

Mr. Anil Singhvi resigned from the Board of Deepak Fertilisers and Petrochemicals Corporation Ltd w.e.f April 19, 2019.

Additional information:

1. Mr. Anil Singhvi was appointed on the Board of Shree Digvijay Cement Company Ltd effective from April 30, 2019.
2. Ms. Poornima Prabhu resigned from the Board of Finolex Cables Limited effective from March 31, 2019.

B. Number and Dates of Board Meetings

Details of meetings of the Board held during the financial year 2018-19 are as follows:

Sl.	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	June 26, 2018
3.	No. 3/2018-19	July 19, 2018
4.	No. 4/2018-19	July 31, 2018
5.	No. 5/2018-19	September 10, 2018
6.	No. 6/2018-19	October 31, 2018
7.	No. 7/2018-19	January 29, 2019

C. Disclosure of relationships between directors inter-se:

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

D. Details of Shareholding of Non- Executive Directors:

Name of the Director	No. of Shares held as at March 31, 2019	% of equity
Mr. Anil Singhvi	60,000	0.010%
Ms. Nisha Dutt	NIL	NA
Ms. Poornima Prabhu	NIL	NA
Mr. Vinod Kumar Padmanabhan	19,095	0.003%

There are no convertible instruments held by the non-executive directors of the Company.

E. Familiarization Programme for Independent Directors

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the familiarization programme aims to provide independent directors with the industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments 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/.

Core skills/expertise/competencies of the Board of Directors.

The Board of Subex comprises of highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the decision making process of the Board.

Mr. Anil Singhvi, Chairman & Independent Director is a Chartered Accountant, and has over 30+ years of experience in the corporate sector and provides his rich financial expertise, advice and guidance to the Company in formulating the strategic plan for business, financial and related aspects. Apart from Subex limited he is also on the board of reputed companies.

Mr. Vinod Kumar Padmanabhan, Managing Director & CEO who has over 20+ years of experience in the corporate world has spearheaded several initiatives that helped the company engage with its customer as a long-term strategic partner and he also involves in the field of Sales and customer interaction and negotiation where ever needed. Since April 01, 2018 he has been instrumental in ramping up Subex's operations in Africa, Eastern Europe and the Middle East. He has been successful in meeting the top industry heads and has been a part of several discussion forums which has added value to the company in attracting the business talents and major business dealings.

Ms. Poornima Prabhu, Independent Director holds a degree in Bachelor of Arts and LLB, provides her valuable advice to the Board and assists in the decision making related to the Legal and Governance aspects. In her past career, she served Lodha Ventures Holdings Pvt Ltd. as Head – Legal and as Of Counsel at J. Sagar Associates. She has a rich experience in corporate law, including mergers and acquisitions, divestment and litigation settlement.

Ms. Nisha Dutt, Independent Director holds a Master's degree and provides her expertise to the management in devising the business management, strategic plans and adds value towards solving the management related queries. She has played a vital role as a CEO of Intellecap and was responsible for front ending the conceptualisation programmes.

The Board is satisfied that the independent directors have met their criteria of independence as required under the SEBI (LODR) Regulations, 2015 and relevant declarations have been received from the directors.

III. AUDIT COMMITTEE

The constitution of the Audit Committee complies with the requirement under Section 177 of the Companies Act, 2013 and

Regulation 18 of SEBI (LODR) Regulations. All the members of Audit Committee have accounting and financial expertise. The Company Secretary acts as the Secretary to the 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:

1. 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;
2. 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 their remuneration;
3. Approving the payment to be made to the statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by management.
   d) Significant adjustments made in the financial statements arising out of audit findings.
   e) Compliance with listing and other legal requirements relating to financial statements.
   f) Disclosure of any related party transactions.
   g) Modified opinions in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Discussing with internal auditors any significant findings and follow up there on;
11. 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;
12. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
13. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
14. Overseeing the functioning of the whistle blower/ vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and to take action against repeated frivolous complaints filed by director or employee;
15. Powers to investigate any activity within its terms of reference or referred to it by the Board, have full access to information contained in the books of accounts, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
16. Carrying out any other function as mentioned in the terms of reference of the Audit Committee and as prescribed under the SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and the Rules made thereunder and any other statutory/ regulatory body from time to time;
17. Examination of the financial statement and the auditors' report thereon;
18. Scrutinizing the inter-corporate loans and investments;
19. Valuation of undertakings or assets of the company, wherever it is necessary;
20. Evaluating the internal financial controls and risk management systems;
21. Monitoring the end use of funds raised through public offers and related matters;
22. 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;

23. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussing any related issues with the internal and statutory auditors and the management of the company, if any;

24. Approval or any subsequent modification of transactions of the company with related parties;

25. Approval / recommendation to the Board of the transactions other than transactions referred to in Section 188;

26. Omnibus approval of the related party transactions proposed to be entered into by the Company subject to the provisions of the Companies Act, 2013;

27. Ratification of the transactions upto ₹1 crore entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee;

28. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

The Audit Committee charter containing terms of reference is also available on the Company's website at http://www.subex.com/shareholder-services/.

B. Composition of the Audit Committee as on March 31, 2019

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
4.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

C. Meetings and Attendance of the Committee during the Year

During the financial year 2018-19, the following meetings of the Audit Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/ 2018-19	May 04, 2018*
2.	No. 2/ 2018-19	June 26, 2018
3.	No. 3/ 2018-19	July 31, 2018*
4.	No. 4/ 2018-19	September 10, 2018
5.	No. 5/ 2018-19	October 31, 2018*
6.	No. 6/ 2018-19	January 29, 2019*

*dates on which the Quarterly/Half Yearly/ Year ended results were considered.

The Attendance of the directors at the Audit Committee Meetings during the Financial Year 2018-19 were as follows:

Name of the Director	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Mr. Anil Singhvi (Chairman)	6	6
Ms. Nisha Dutt	6	3
Ms. Poornima Prabhu	6	6
Mr. Vinod Kumar Padmanabhan	6	5

IV. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee has been constituted as required under Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015. All the three members including the chairperson are Independent directors.

The Nomination & Remuneration Committee has, inter alia, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 17 of the Companies Act, 2013 some of which are:

A. Terms of Reference

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, KMP or other employees and recommend to the Board of Directors a policy relating to the appointment & remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, the Committee or by an independent

external agency and review its implementation and compliance;

3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors on their appointment, remuneration and removal;
5. Develop and recommend to the Board succession plan for the key positions in the company (the "Succession Plan"), to review the Succession Plan periodically, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan and to perform a consultative and advisory role for any appointment requiring Board approval for the top management positions of the Company;
6. Administer the Company's equity incentive plans, including the review and grant of options to eligible employees under the plans and the terms and conditions applicable to such options, subject to the provisions of each plan;
7. Deciding on whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
9. Carrying out any other function as prescribed under the SEBI Listing Regulations, the Companies Act, 2013 and the Rules made thereunder and any other statutory/regulatory body from time to time;

The Nomination & Remuneration Committee charter containing terms of reference is also available on the Company's website at https://www.subex.com/shareholder-services/ .

A. Composition of the Nomination & Remuneration Committee as on March 31, 2019 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 2018-19, the following meetings of the Nomination & Remuneration Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	June 26, 2018
3.	No. 3/2018-19	September 10, 2018
4.	No. 4/2018-19	October 31, 2018
5.	No. 5/2018-19	January 29, 2019

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 of the Nomination & Remuneration Committee meetings during the financial year 2018-19 were as follows:

Name of the Director	No. of Nomination & Remuneration Committee Meetings Held	No. of Nomination & Remuneration Committee Meetings Attended
Ms. Nisha Dutt	5	2
Mr. Anil Singhvi	5	5
Ms. Poornima Prabhu	5	5

C. 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. The Committee formulated the criteria for evaluation of the Chairman, Board of Directors, Members of the Committee and Individual Directors and the evaluation is conducted accordingly. The evaluation criteria included aspects related to competency of directors, strategy and performance evaluation, governance, independence, 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 Chairman and non-independent directors was carried out by the independent directors. The directors expressed their satisfaction with the evaluation process and its results, which reflected in the overall management of the Board and its committees with the Company.

D. Details of remuneration paid to all the Directors during the year 2018-19 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 & 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 2018-19 are as follows:

(₹ in Lakhs)

Name	Sitting fees	Salary and perquisites
Mr. Anil Singhvi	24.00	-
Ms. Nisha Dutt	14.00	-
Ms. Poornima Prabhu	18.00	-
Mr. Vinod Kumar Padmanabhan	-	56.97
Mr. Ashwin Chalapathy*	-	Nil

* Details of the remuneration paid until May 04, 2018.

Remuneration Details of Executive Director:

Mr. Vinod Kumar Padmanabhan, Managing Director & CEO

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

Complete details of remuneration paid to Executive Directors / Non-Executive Directors during the financial year 2018-19 are provided in (**Annexure D**) the extract of the Annual Return, annexed to the Board's Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.

The Company has laid down the criteria for making payments to the Non-Executive Directors. The details of such criteria are available in the Remuneration Policy disseminated on the website of the Company at the below link https://www.subex.com/shareholder-services/.

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. The committee has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR)Regulations, 2015. The Company Secretary is the compliance officer of the Committee.

A. Composition of the Stakeholders' Relationship Committee as on March 31, 2019

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

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

The Board of Directors in their meeting held on May 13, 2019 reconstituted the composition of Stakeholders' Relationship Committee as follows:

Sl. No	Name of the Director	Category
1.	Ms. Poornima Prabhu (Chairperson)	Independent Director
2.	Mr. Anil Singhvi	Independent Director
3.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO

B. Meetings and Attendance of the Committee during the year 2018-19:

During the financial year 2018-19, the following meetings of the Stakeholders' Relationship Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2018-19	May 04, 2018
2.	No. 2/2018-19	July 31, 2018
3.	No. 3/2018-19	October 31, 2018
4.	No. 4/2018-19	January 29, 2019

C. Attendance of the Directors at the Stakeholders' Relationship Committee Meetings for the financial year 2018-19 were as follows:

Name of the Director	No. of Stakeholders' Relationship Committee Meetings Held	No. of Stakeholders' Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Ms. Nisha Dutt	4	3
Mr. Vinod Kumar Padmanabhan	4	4

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The details of the complaints received and resolved during the fiscal year ended March 31, 2019 are as follows:

Name of the Non-Executive Director heading the Committee	Mr. Anil Singhvi, Chairman & Independent Director
Name of the Compliance Officer	Mr. G V Krishnakanth, Company Secretary
Number of shareholders' complaints pending at the beginning of the year	0
Number of shareholders' complaints received during the year	4
Number of shareholder's complaints redressed during the year.	4
Number of shareholder's complaints not solved to the satisfaction of the shareholders	0
Number of shareholder's complaints pending at end of the year	0

VII. ESOP COMMITTEE (Compensation Committee)

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

A. Composition of The ESOP Committee as on March 31, 2019

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.

During the year ESOP Committee (Compensation Committee) of the Board was dissolved and all powers of the Committee were vested in the Nomination & Remuneration Committee of the Board of Directors.

VIII. 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, 2019

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

* 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 2018-19:

During the financial year 2018-19, the Committee met on July 19, 2018 to discuss and approve the contribution to be made towards the Corporate Social Responsibility programs.

Name of the Director	No. of CSR Committee Meetings held	No. of CSR Committee Meetings attended
Mr. Anil Singhvi	1	1
Ms. Nisha Dutt	1	1
Mr. Vinod Kumar Padmanabhan	1	1

Pursuant to the provisions of Section 198 of the Companies Act, 2013, the company has incurred losses during the preceding 3 financial years. Though it is not mandatory to incur any expenditure on CSR activities, the below activities have been voluntarily undertaken during the year.

a) An amount of ₹5,92,000 was contributed towards the 'Nurture Merit Programme'. The programme provides scholarships to economically challenged students from rural areas.

b) The SCT also sponsored vocational training programmes to the Prerana Resource Centre. The Centre is an organization for visually impaired and disabled orphan teenage girls, aiming to make them self-reliant through these trainings. An amount of ₹7,88,000 was contributed towards this cause.

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

IX. 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, 2019

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

*Ms. Nisha Dutt was appointed as a member of the Risk Management Committee with effect from April 01,2018

B. Meetings and Attendance of the Committee during the year 2018-19:

The committee met once during the financial year 2018-19 at its meeting held on July 19, 2018 to identify the risks which could be foreseen for the company and mitigate the same.

Name of the Director	No. of Risk Management Committee Meetings Held	No. of Risk Management Committee Meetings attended
Mr. Anil Singhvi	1	1
Ms. Nisha Dutt	1	1
Mr. Vinod Kumar Padmanabhan	1	1

X. INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met once, 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.

XI. GENERAL BODY MEETINGS

A. Location and time of the last three AGMs:

Year	Date of AGM	Venue	Time
2015-16	September 12, 2016	Registered Office of the Company	2:00 PM
2016-17	July 28, 2017	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru-560 052	3:00 PM
2017-18	July 31, 2018	"The Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru-560001	2:00 PM

Details of the Special Resolutions passed at the last three AGMs:

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolution pertaining to-
September 12, 2016	2	1. Alteration of Articles of Association of the Company. 2. Re-appointment of Mr. Surjeet Singh as Managing Director & 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 Whole-Time Director of the Company. 2. Appointment of Mr. Ashwin Chalapathy as Whole-Time Director of the Company. 3. Approve payment of remuneration to Independent Directors by way of commission.
July 31, 2018	4	1. Approval of the Employee Stock Option Scheme 2018 of the Company and Grant of Employee Stock Options to the employees of the Company thereunder. 2. Approval of the Employee Stock Option Scheme 2018 and grant of Employee Stock Options to the employees of the Company's subsidiaries under the Scheme. 3. Authorization to the 'Subex Employee Welfare and ESOP Benefit Trust' for Secondary Acquisition. 4. Provision of interest free loan by the Company for purchase of its own shares by the Trust /Trustees for the benefit of Employees and Employees of Subsidiaries under the Subex Stock Option Scheme 2018.

During the financial year ended March 31, 2019, there were no special resolutions passed through the postal ballot.

B. Location and time of the last three EGMs.

During the last three years, there was no Extra – Ordinary General Meetings held. However, the details of the latest three Extra-Ordinary General Meetings held are as follows:

Year	Date of EGM	Venue	Time
2011-12	December 28, 2011	Registered office of the Company	11:30 A M
2012-13	June 28, 2012	Registered office of the Company	11:30 A M
2012-13	August 17, 2012	Registered office of the Company	11:30 A M

C. Postal Ballot during the financial year 2018-19

There was no postal ballot conducted during the financial year 2018-19.

XII. 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/ Economic Times (English) and Vijay Karnataka/ Vishwavani (Kannada). The complete financial statements are posted on the Company's website https://subex.com/news-events/#statutory-advertisement. 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, press release and business opportunities and the same is displayed on the website of the company under https://subex.com/newsroom/.

Being a Company with strong focus on green initiatives, Subex proposes to send all the shareholder communications such as the notice of General Meetings, Audited Financial Statements, Board's Report, Auditors' Report, etc., as done in the past, to its shareholders in electronic form by sending the said reports 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 respective 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. The Company during the said financial year 2018-19, had scheduled the Investor calls to discuss on the Earnings of the Company for relevant quarters which were scheduled on August 01, 2018 and January 30, 2019 respectively. The Company did not have any Institutional investors during the financial year and hence there were no presentations made to the institutional investors. The transcripts pertaining to the Earning's call held during the year are uploaded on the Company's website under the link https://subex.com/news-events/#investor-analyst-call.

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 31 to the Standalone and Note 32 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 at 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.

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 persons 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 persons 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 2018-19, there was no fine, penalty nor any stricture passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets. Also, 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.

D. 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 and no personnel has been denied access to the audit committee during the said financial year. 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/.

E. POLICY ON 'MATERIAL' 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.

F. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY 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.

G. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A).

There were no funds raised by the Company through Preferential allotment or qualified institutional placement as specified under the above mentioned regulation during the financial year 2018-19.

H. CEO/CFO CERTIFICATION

The Company has obtained a certificate from the CEO/CFO as required by Regulation 17 (8) (Part B of Schedule II) of the SEBI (LODR) Regulations, 2015 and the same forms a part of this report as "**Annexure A**".

I. A CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE THAT NONE OF THE DIRECTORS ON THE BOARD OF THE COMPANY HAVE BEEN DEBARRED OR DISQUALIFIED FROM BEING APPOINTED OR CONTINUING AS DIRECTORS OF COMPANIES BY THE BOARD/MINISTRY OF CORPORATE AFFAIRS OR ANY SUCH STATUTORY AUTHORITY.

A Certificate from the Practicing Company Secretary is received by the company stating that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the board/ministry of corporate affairs or any such statutory authority and the same is annexed to this report as "**Annexure B**".

J. DETAILS OF FEES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART.

Fee disclosures as required by Clause 10(k), Part C, Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The total fees for all services paid by Subex Limited and its subsidiaries, on a consolidated basis, to S.R. Batliboi and Associates LLP, Statutory Auditors and other firms in the network entity of which the statutory auditor is a part, as included in the consolidated financial statements of the Company for the year ended March 31, 2019, is as follows:

(₹ in Lakhs)

Fees for audit and related services paid to S.R. Batliboi & Associates LLP	119
Other fees paid to S.R. Batliboi & Associates LLP & Affiliate firms and to entities of the network of which the statutory auditor is a part.	5.5
Total fees	124.5

K. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has an Internal Complaints Committee (ICC Committee) which meets regularly to discuss and monitor if there is any sexual harassment in the work place and resolves the issues if any. During the financial year under consideration, the ICC committee did not receive any complaints related to the sexual harassment of women.

L. 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 Board of 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 the code underwent an amendment which was approved by the Board at its meetings held on May 13, 2019. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31, 2019. A declaration to this effect, signed by the Managing Director & CEO is provided in the certification section of the Annual Report. The Code has been posted on the Company's website under the link https://www.subex.com/shareholder-services/ as "**Annexure C**".

M. RECOMMENDATION OF THE COMMITTEES

There were no instances in the financial year 2018-19, where the Board had not accepted any recommendation of any committee of the board which is mandatorily required.

XIV. Management Discussion and Analysis

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

XV. General Shareholder information

General shareholder information is provided in the "Shareholder's Information" Section of the Annual Report. There liquidity position of the Company was not impacted during the said financial year.

XVI. Corporate Governance 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.

XVII. 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

Mr. Anil Singhvi, Independent Director is the Non-Executive Chairman of the Company. 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. 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

Anil Singhvi
Chairman & Independent Director
DIN:00239589

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872

Bengaluru, India
May 13, 2019

ANNEXURE A

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

To,
The Board of Directors
Subex Limited

Dear Sir/Madam,

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

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

A) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2019 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

Date: May 13, 2019
Place: Bengaluru

Venkatraman G S
Chief Financial Officer

Date: May 13, 2019
Place: Bengaluru

ANNEXURE B

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per item 10(i) of clause C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with regulation 34(3) of the said Listing Regulations).

To
The Members,
Subex Limited

1. We have examined the status of debarring or disqualification from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority for the year ended on March 31, 2019, as stipulated in item 10(i) of clause C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with regulation 34(3) of the said Listing Regulations.

2. It is neither an audit nor an expression of opinion regarding the legality of debarring or disqualification by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

3. Our examination was limited to a review of the relevant records of the Company and website of Ministry of Corporate affairs, stock exchange(s), SEBI and other relevant statutory authority(ies) (specify) as specified in Annexure to this certificate.

4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that none of the directors on the board of Subex Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2019.

5. As on March 31, 2019, the Board of Directors of the Company was constituted by:

Sl No.	Name of the Director	DIN	Designation
1.	Anil Chandanmal Singhvi	00239589	Chairman & Independent Director
2.	Poornima Kamalaksh Prabhu	03114937	Independent Director
3.	Nisha Dutt	06465957	Independent Director
4.	Vinod Kumar Padmanabhan	06563872	Managing Director & CEO

For BMP & Co. LLP
Company Secretaries

Pramod S M
Partner
FCS 7834 / CP No. 13784

Date: May 13, 2019
Place: Bengaluru

Annexure to Certificate of non disqualification of Directors

List of Documents/records/websites verified for issuance of Certificate as per item 10(i) of clause C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with regulation 34(3) of the said Listing Regulations.

Sr. No	Documents/records/website	Reference
i.	Minutes of Nomination & remuneration Committee	Circular No. LIST/COMP/14/2018-19 dated June 20, 2018 issued by BSE & NSE/CML/2018/02 dated June 20, 2018
ii.	Corporate announcements made by Company for appointment of Directors	
iii.	Corporate announcements made by Company for cessation/resignation/ vacation of Directors	
iv.	Declaration made by directors in form DIR-8	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
v.	DIR-9 filed by the Company regarding default under section 164(2)	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
vi.	List of disqualified directors placed on website of Ministry of Corporate Affairs at http://mca.gov.in/MinistryV2/disqualifieddirectorslist.html	Section 164(2)
vii.	Directors debarred/disqualified through SEBI order as per list placed at BSE Limited and NSE Limited at https://www.bseindia.com/investors/debent.aspx https://www.nseindia.com/invest/content/regulatory_actions.htm	Section 11B of the SEBI Act, 1992

ANNEXURE C

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, 2019.

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN: 06563872

Date: May 13, 2019
Place: Bengaluru

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 enable Digital Trust for organizations. Subex is now charting the transformation of communications service providers into digital enterprises. We are developing next-generation solutions in new and emerging business areas such as advanced data analytics, business intelligence, business assurance and Internet of Things (IoT). 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 organizations through coordinated operational control - brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which organizations can build their processes to bring in privacy, security, risk mitigation, confidence in data, and predictability.

Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management, Partner Settlement, and Analytics and complements them through its newer solutions such as IoT Security and Anomaly Detection. Subex also offers scalable Managed Services and Business Consulting services.

We are proud to be recognized as a leader in our market, and to be seen as the pioneers in the area of Digital Trust. We are especially proud to have received numerous awards jointly with our customers. Our recent awards include:

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

Subex has spent 25 years in enabling 3/4th of the largest 50 Communications Service Providers (CSPs), globally achieve competitive advantage. Being truly a global company, we have 300+ installations across 90+ countries.

We have a global presence, employing over 800+ 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

Businesses have changed drastically in the last few years, with disruptions in technology, business models and customer preferences. Rapid digitalization has empowered organizations to make the most out of available data, but at the same time put a huge responsibility on them in terms of trust. However, recent studies have shown that trust is at an all-time low in today's digital world. In one of the studies, close to 1/3rd of the respondents mentioned that they were less comfortable sharing their data, than they were 6 months ago. Organizations have now begun to take note of this dip in trust levels, and many are acting in the right direction. In another study, 61% of CEOs see 'building trust' as one of the top 3 priorities for their organizations. In this backdrop, Subex's focus on Digital Trust provides a huge opportunity in terms of the problem to be addressed. Industries like Telecom, e-Commerce, and FinTech deal with humungous amounts of data, and for them to succeed, it is absolutely necessary to put trust at the center of their business. Be it forging new partnerships, adopting emerging technologies, driving new business models or improving their brand image businesses now are seeing Digital Trust as a catalyst for success, and that has opened up multi-vertical opportunities for Subex to address.

THREATS

Every great opportunity comes with a few inherent risks, when addressed effectively delivers excellent results. In the case of our core areas, threat arises from the fact that revenues from our traditional areas have gone flat. While it can be attributed to the lower impetus for telecom industry as a whole, it can be addressed with multi-layered innovation on products and business models. The challenges that telcos face will continue to change rapidly, and this calls for agility and quick response from solution providers like us. The infusion of AI-ML into our product lines, addressing of digital frauds, repurposing Revenue Assurance for Regulatory Assurance, etc. are all examples of how we are dealing with the threat of stagnating relevance. With respect to the new verticals we're entering, while we are aggressive in our GTM strategy, we are also cognizant about the risk of encountering competition from unexpected quarters. Especially in the digital era, competition can arise from extremely unconventional sources, and will need to be dealt with utmost care. To ensure a safe pursuit, our approach is to enter new verticals with those use cases which have very similar applications as in the telecom vertical - where we have had success for over two decades. For instance, telecom Fraud Management is a domain that Subex is a leader in, and Fraud as a problem exists in a similar way in the e-Commerce vertical as well allowing us to fully utilize our expertise to demonstrate success in e-Commerce. Another approach to mitigate the risk of competition in unfamiliar territories is strategic partnerships with other vendors where there are synergies.

OUR REVENUE MODEL

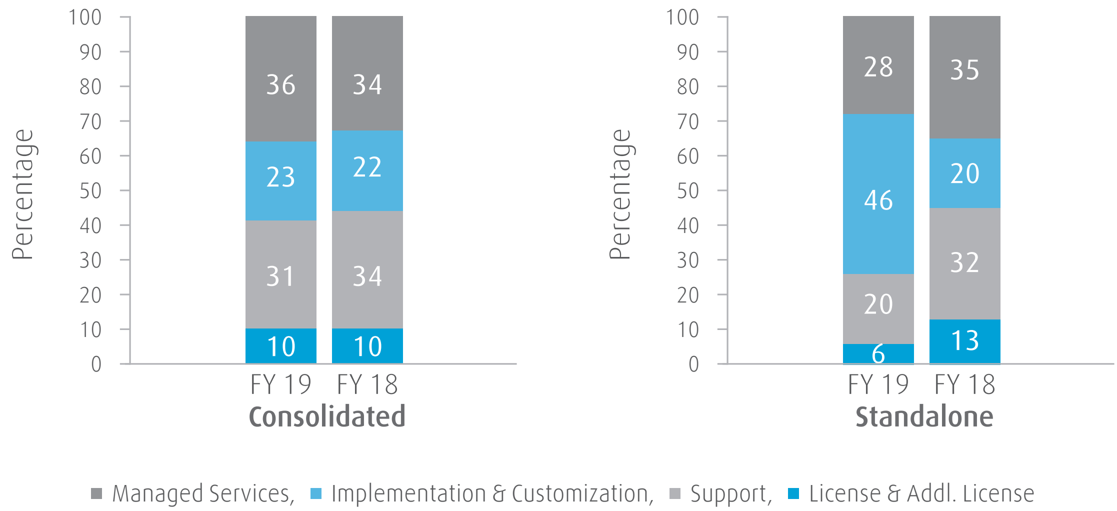
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

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



OUR PRODUCTS

Subex offers the Revenue Operations Centre (ROC®) Solution Suite for Business and CAPEX Optimisation, which has solutions for driving Digital Trust and Optimisation. To this end, Subex's core products around Revenue Assurance and Fraud Management have been enhanced with the power of Artificial Intelligence and Machine Learning. Subex also provides network analytics through its Network Asset Management, Data Integrity Management and Capacity Management solutions. In a digital world, where multiple partnerships will need to be managed, Subex provides CSPs with a Partner Management and Partner Settlement solution. As a means to help drive confidence in data, Subex recently launched its revamped Analytics solutions which provides CSPs with an end-to-end Analytics framework. Subex also provides organisations with confidence in the growing connected world, through its IoT Security solution, Subex secure, which is a multi-vertical solution focused towards the telecom, government, automotive, and defense segment, to name a few. Subex also recently launched CrunchMetrics, an AI-based anomaly detection solution, which helps organisations understand anomalous activities in their data to identify avenues of growth and detect risks before they occur.

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

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

For service providers that aim to optimize their operational and process infrastructure, ROC delivers Business and CAPEX Optimization in the most pragmatic manner.

Digital Revenue Assurance

ROC Revenue Assurance solution offers a comprehensive view of an enterprise by providing better visibility into risks surrounding operations, revenue and margins. Built around big data and focused analytics capabilities, the solution addresses the new, complex and critical challenges faced by Revenue Assurance teams globally.

With a product history spanning over two decades, ROC Revenue Assurance is the culmination of the operational experience of being deployed in over 80+ sites globally.

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.

ROC Fraud Management solution provides comprehensive fraud coverage for more than 350 types of fraud. The solution is integrated with artificial intelligence and machine learning capabilities to safeguard networks from frauds such as subscription fraud, bypass/SIM box Fraud, PBX hacking and international revenue share fraud (IRSF). It also provides coverage for next-generation frauds such as Handset fraud, online sales, IPTV, advertisement fraud and other digital frauds.

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.

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. 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.

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.

Partner Management

Subex offers a comprehensive partner management solution that provides visibility into the operator's end-to-end wholesale business with accurate insights into revenue. The solution offers a 360° view of a telco partner ecosystem by providing a nuanced profile of partner agreements based on data such as revenue sharing and margins. The solution helps in swift partner onboarding, partner self-care, end-to-end revenue visibility and communication between the operator and your partners. It helps telecom operator manage diverse revenue streams while helping to launch high-value, high margin services in collaboration with partners.

ROC Partner Management is a domain-agnostic platform that addresses the dynamics of telecom operator partner ecosystem across wholesale voice, short message service (SMS), data, content, Internet of Things (IoT), machine-to-machine (M2M), utility, roaming, digital services, and billing and settlement.

Subex Secure

Subex Secure is an IoT security solution designed to secure connected and constrained devices. It is an agentless product enabling networks to introduce multitudinous types of devices securely. Subex Secure offers a way for business to scale IoT deployments without compromising on security or taking on additional risk. It is capable of monitoring billions of devices and their data transmissions. Using a three-tier detection strategy, it identifies threats as they occur on the network. These three strategies are signature-based detection, heuristics and anomaly-based detection. Risks are identified and flagged across these three security layers thereby allowing seamless movement and integrity of data.

Subex Secure's threat database is updated in real-time with signatures gathered from our 60 honeypots located in key cities around the world. Threat intelligence is also gathered from other credible sources.

Subex Secure is built for securing IoT. It comes with:

- Multi-tier detection mechanism to filter, flag and eliminate various threats
- Real-time threat database updates with threat intelligence drawn globally
- A unique detection engine that renders early detection of threats
- Zero latency and compute power
- Virtually unlimited scalability for various IoT deployments and connectivity flavors
- SOC-based/SOC independent/hybrid ops

Network Asset Management

Network Asset Management is a Telecom Asset Lifecycle Management solution which provides framework and controls to help CSPs make the best use of their assets to optimise their capital and operations expenses in the digital era, which thereby helps 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 Network Asset Management uses 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 in 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 CSPs 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.

Capacity Management

Subex's Capacity Management solution helps operators undertake a predictive approach to understand their capacity issues, thereby helping them ensure the best customer experience while optimising costs. 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.

Analytics Center of Trust (ACT)

Subex Analytics Center of Trust (ACT) is an end-to-end advanced analytics framework which helps CSPs truly leverage their data to drive business outcomes. Subex ACT enables CSPs to get the most from their Analytics program from the very start, i.e., strategizing the analytics roadmap, to setting up a trusted business intelligence layer, till the end, i.e., generating analytics-driven business outcomes. ACT comprises for three components:

- **Strategize:** Leveraging over 25 years of expertise in telecom analytics, Subex helps creating the right analytics strategy by establishing CSPs current maturity, define the business vision, and identifying the required roadmap.
- **Trusted BI:** Subex's ACT is powered by an intelligent Information Infrastructure, which acts as the brain of the system delivering real-time insights on the shifts in trends across the spectrum. Subex's BI is built around Hadoop and big data capabilities, powered by machine learning (ML) and artificial intelligence (AI).
- **ROC Insights:** ROC Insights, advanced analytics service, powers the ACT infrastructure, delivering next-generation Analytics-as-a-Service to Telcos across the globe. The

solution leverages Subex's expertise in BSS/OSS and Telecom Analytics to deliver actionable business intelligence to relevant business users at the right time. By combining the best in both machine and human intelligence, the solution transcends traditional approaches, accelerating the digital journey of organizations. ROC insights provides actionable insights around key focus areas: Product, Customer, Risk and Revenue.

CrunchMetrics

Rapid digitalization across industries today has led to a massive explosion of data volumes where years' worth of data in the last decade is now being generated in the matter of a few hours. While organizations are doing reasonably well to capture and store this data, the mechanisms to truly make use of such huge volumes of data are unable to match the current volumes and velocity of data being generated. Due to this challenge, organisations fall short of responding to significant changes which can improve business critical functions. To help organisations deal with this challenge, Subex has launched a new brand, CrunchMetrics, an advanced anomaly detection system designed to help organizations discover business opportunities and mitigate risks in real-time. It leverages the combined power of statistics, Artificial Intelligence (AI) and Machine Learning (ML) to sift through data and identify anomalies that are a representation of business impact. CrunchMetrics brings to the table real-time anomaly detection helping organizations find the 'needle in the haystack', thereby facilitating low latency decision making. Through the launch of CrunchMetrics, Subex aims to address a huge market that is expected to reach USD 4.5 Billion by 2022 and will to cater to a variety of verticals.

CrunchMetrics is vertical agnostic and has a wide range of use cases for Telecom, Retail and FinTech verticals at launch.

Consulting & Assessment Services

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 optimization: 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

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

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

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

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

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

End-to-End Managed Services

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

SUBEX MANAGED SERVICES

SMART services leveraging proven technology

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

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

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 – Astro, Airtel, CAT, Celcom, DTAC, Digi Malaysia, DST Brunei, Indosat Ooredoo, Maxis, Mobifone, Ncell, Optus, Unifi Mobile, PLDT, Reliance Jio, Robi Axiata, Starhub, Singtel, Smart Axiata, Tata Teleservices, Telenor Myanmar, Telstra, Telkom Indonesia, True Move, Vinaphone, VodafoneIdea.

Americas- AT&T, Bell Canada, BTC Bahamas, Buckeye, C&W Panama, Charter Communications, Cincinnati Bell Wireless, Claro Brazil, Claro Colombia, Claro Dominican Republic, Cogeco, Comcast Cable, Cox Communications, Entel Bolivia, Movistar Colombia, Movistar Mexico, MTS, Rogers, Shaw Communications, Nextel Brazil, ICE, Telcel, Telus, Telefonica, Tigo, T Mobile, Verizon.

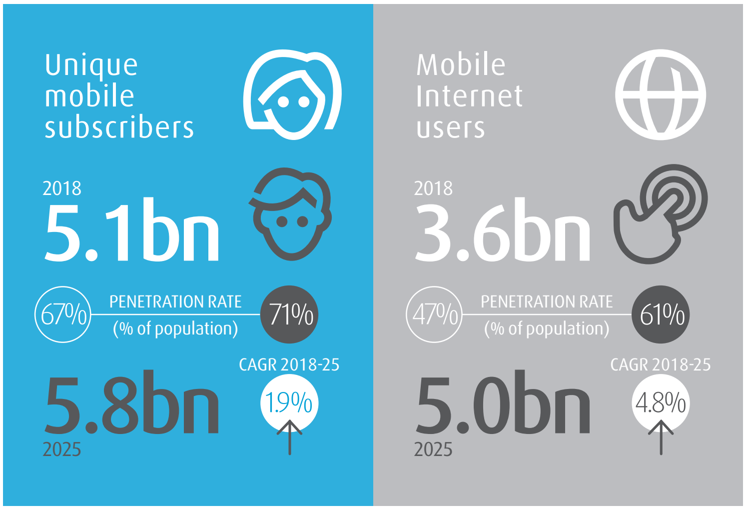
EMEA- Airtel, Almadar, Atalntique Telecom, , Azercell, AlbTelecom Batelco, , BTC Botswana, BT, Cell C, Colt, Coolwave, Cyta, Du, Econet, Ethio Telecom, Etisalat UAE, Etisalat Nigeria, Geocell, Glo, Go, Interoute, IPKO, INWI, Jawwal, KCell, Century Link, Liberty Global, Lifecell, Mascom, Melita, Mobily, Moldcell, , Omantel, , Ooredoo Algerie, Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Qatar, Orange Mali, Orascom Algeria, Paltel, , 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, Vodafone Romania, Vodafone Ziggo, Zain.

THE CSP INDUSTRY – the mobile market and its outlook

A major share of the CSP industry is focused on the mobile market and we will focus on the mobile market as well as the other interconnected areas that make up the ecosystem.

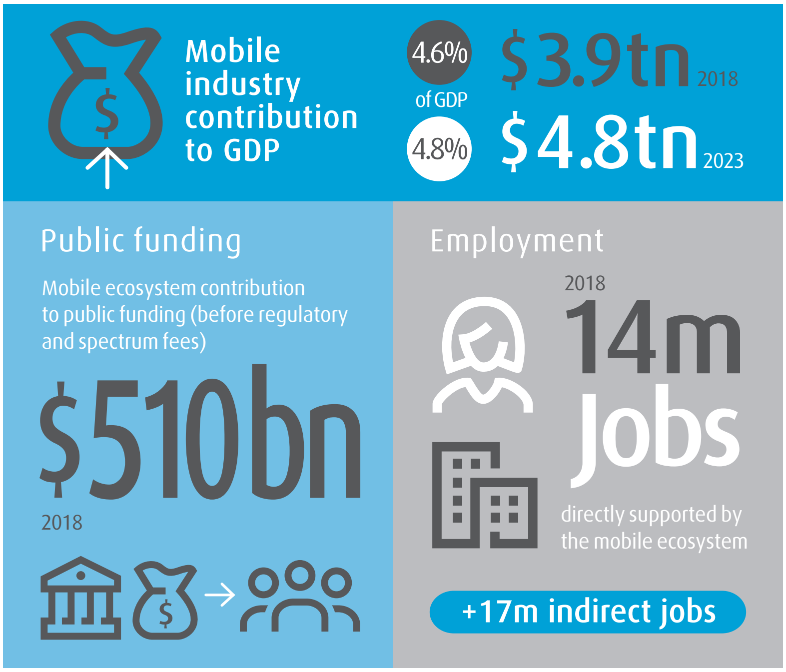
Mobile penetration continues to grow but at a slower pace

As per GSMA, by the end of 2018, 5.1 billion people around the world subscribed to mobile services, accounting for 67% of the global population. While a total of 1 billion new subscribers have been added in the four years since 2013 (representing an average annual growth rate of 5%), but the speed of growth is definitely slowing. The market expects an average annual growth rate of 1.9% between 2018 and 2025 which will bring the total number of mobile subscribers to 5.8 billion (71% of the population).



Source: GSMA Report 2019

It has been estimated that in 2018, mobile technologies and services generated 4.6% of GDP globally which is equivalent to $3.9 trillion of economic value added. Not only this, the ecosystem also supported almost 32 million jobs (directly and indirectly). The GSMA report mentions that by 2023, mobile's contribution will reach $4.8 trillion (4.8% of GDP) as countries around the globe increasingly benefit from the improvements in productivity and efficiency brought about by increased take-up of mobile services.



Source: GSMA Report 2019

4G becomes the technology of choice while 5G is here to stay

4G surpassed 2G in 2018 to become the world's leading mobile technology, with 3.4 billion connections representing 43% of the total (excluding licensed cellular IoT). With growth coming rapidly, especially across developing markets, 4 G will soon become the dominant mobile technology, exceeding half of global mobile connections in 2019 and reaching 60 percent in 2023.

Meanwhile, 5G is now a reality. Following market launches in the United States and South Korea towards the end of 2018, by the end of 2019, 16 more major countries will launch 5 G networks. While it will take some time for 5G to hit critical mass, some markets will see relatively rapid growth (for example, South Korea, US and Japan). The speed at which 5 G is adopted and the value it will generate will be affected by three factors: value generation opportunities, cost considerations, and deployment dependencies.

Mobile operators are investing around $ 480 billion worldwide between 2018 and 2020 in mobile capex to support this generative shift and further increase consumer engagement in the digital era. Half of this will be from countries expected to have launched 5G by 2020. However, since most 5 G deployments will occur after 2020 (64 markets over the 2021–2025 period, bringing the total to 116), we expect capex to grow above the approximately 160 billion dollars expected in 2020.

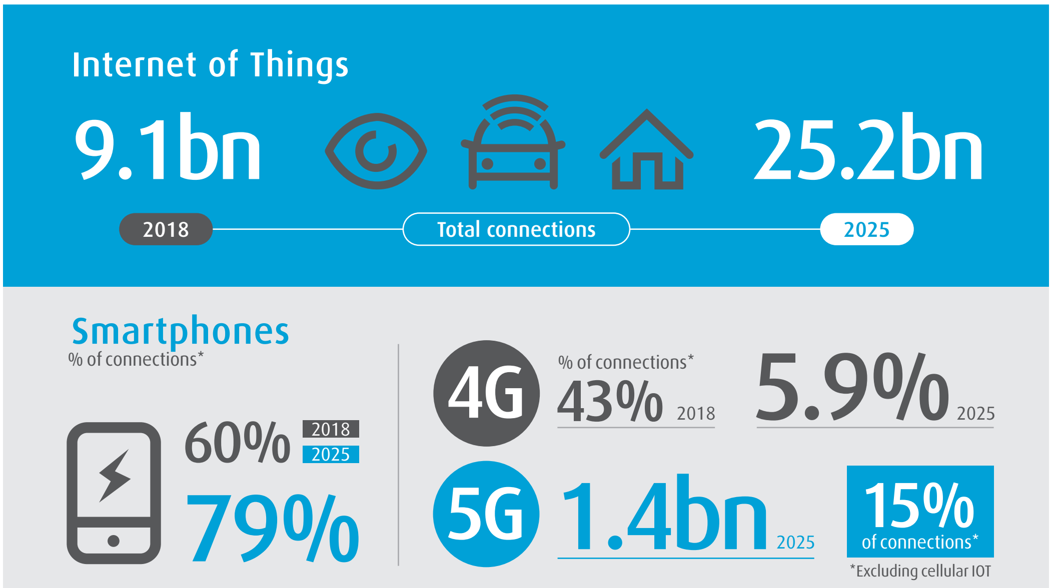
As the boundaries between mobile and the wider digital ecosystem continue to blur and data monetisation poses an ongoing challenge, many operators are moving beyond their traditional (mobile and fixed) telecommunications businesses to explore new revenue streams in a rapidly changing competitive environment. While this strategic play has different approaches, timelines and scales, the predominant drivers are the rise of IoT, the evolution of the content ecosystem, the transformative power of AI for network operations and services, and the onset of a new era of connected devices.

While telecoms will continue to be the dominant source of revenue for operators in the near to medium term, these new opportunities have the potential to provide new revenue streams and add business capabilities to allow operators to play a key role in the future digital ecosystem.

IoT will be omnipresent

The number of IoT connections (cellular and non- cellular) is expected to triple worldwide between 2018 and 2025 to reach 25 billion. Growth will be driven by a proliferation in the segments of smart building and smart home, together accounting for over half of the 16 billion new IoT connections over this period. Rising investor financing and a supportive ecosystem for innovation will help support this growth, along with regulatory pressure for energy efficiency. In addition, network connectivity developments, led by operators, will play a key role in adapting to a variety of IoT use cases. At the end of 2018, there were 83 commercial deployments of LTE-M and NB-IoT worldwide.

Global IoT revenue meanwhile is expected to increase at an average annual rate of 23% to 2025 to reach $1.1 trillion, a fourfold increase on 2018. However, connectivity is expected to become increasingly commoditised, declining from 9% of total IoT revenue in 2018 to 5% in 2025. Therefore, mobile operators deploy different strategies and business models to move beyond offering connectivity only: their role in the value chain could vary from providing essential tools and capabilities to IoT solutions for ecosystem partners to becoming an end-to-end IoT solution provider itself.



Artificial Intelligence to drive Global Economy

Artificial intelligence has the potential to incrementally add 16 percent or around $13 trillion by 2030 to current global economic output-an annual average contribution to productivity growth of about 1.2 percent between now and 2030, according to a September, 2018 report by the McKinsey Global Institute on the impact of AI on the world economy.

AI could potentially lead to a gross GDP growth of around 26 percent or $22 trillion by 2030. The major contributors to this figure are the automation of labor, which could add up to 11 percent or around $9 trillion to global GDP by 2030, and innovations in products and services, which could increase GDP by about 7 percent or around $6 trillion by 2030.

However, it is believed that in addition to its economic benefits, AI will also lead to significant disruptions for workers, companies and economies. There will likely be considerable costs associated with managing labor-market transitions, especially for workers being left behind by AI technologies, which could reduce the gross impact of AI by around 10 percentage points, leading to the aforementioned net GDP increase of 16 percent or $13 trillion by 2030.

Subex as a leading telecom solutions provider is uniquely positioned to help telcos to embrace digitial transformation from a business optimization provider. As 4G-5G connections would give significant opportunities for telcos to offer digital services, there is a very good opportunity for Subex to offer its risk and security portfolio for these services. In addition to that, Subex can also offer its asset assurance solution helping operators in optimizing their costs of networks. Lastly, with its advanced analytics and insights solutions, Subex can help global telcos in enhacing customer experience for digital services rolled out on 4G-5G networks.

Key Projects Won/Executed in FY 19

Subex wins multi-million-dollar contract from Optus to deploy its ROC Network Asset Management solution: The Company won a multi-million-dollar contract with Optus, Australia to implement its ROC Network Asset Management solution. Optus is one of the largest telecom operators in Australia and a fully owned subsidiary of Singtel. They offer mobile, enterprise and wholesale services and home entertainment, exclusive content including EPL.

Subex was selected after successfully demonstrating its strong domain expertise and unique value proposition while showcasing the superiority of its solution. As part of the deal, Subex's ROC Network Asset Management will enable Optus to control all of its existing and new network investments through a well-defined network efficiency framework. This implementation will further help Optus to protect their network investments, improve utilization visibility and provide better financial controls.

Opening a new IoT security Lab in Bengaluru: An IoT Security Lab was inaugurated in this fiscal which will be open to public-private partnerships with universities. The lab provides research opportunities on IoT Security threat intelligence using a one-of-its kind honeypot network. This along with the continuous monitoring of over 8.5 million customer devices has enabled the Company to obtain 30% more IoT and ICS threat signatures and thereby offer a comprehensive IoT threat intelligence and prevention solution to our customers.

Florence, Arizona partners with Subex to cyber-secure critical infrastructure: Subex partnered with the Town of Florence, Arizona to provide security to its critical public infrastructure. As part of this partnership, Subex will provide end-to-end cybersecurity to detect, repel and remediate advanced threats to Florence's most basic and vital technological systems. When Florence launches its smart cities project, Subex will continue to be the cybersecurity partner for all projects coming under the plan.

Through this partnership, the Town of Florence is leading the way by becoming one of the first cities to protect its public infrastructure through solutions, strategies, and measures provided by Subex. This partnership is a landmark one and will pave the way for other cities to adopt similar measures thereby ensuring the highest levels of protection for smart city projects across the United States.

Telefónica partnered with Subex On New Cybersecurity Venture: Subex has joined hands with Telefonica to secure the world of IoT across devices, networks and other infrastructure components.

Through this partnership, both companies will collaborate on IoT security centered around Subex's IoT offerings. Telefonica will be using Subex's offerings to secure IoT deployments on its network while also offering them to other enterprises interested in deploying an IoT security solution. One of the objectives of this partnership is to remove the notion that security is a barrier for the adoption of IoT and showing that instead, security can be a key to unlocking demand and improve the adoption by providing holistic and robust IoT security solutions. Security around IoT is gradually turning into a competitive advantage and businesses can look at leveraging IoT security as a differentiator factor while adhering to regulatory compliance mandates.

Subex wins 5-Year multi-million-dollar contract with BTC: Subex won a 5-year multi-million-dollar deal with Botswana Telecommunications Corporation Limited (BTC), a leading telecommunications services provider in Botswana. As part of the deal, Subex will be implementing its integrated ROC Revenue Assurance and ROC Fraud Management Platform (iRAFM), along with its ROC Partner Settlement and ROC Route Optimization. This deal also marks the continuation of Subex and BTC's long-standing partnership which dates back to 2010.

Through the multi-solution deployment of iRAFM, Subex will enable BTC with an out-of-the-box solution to combat prevalent frauds such as Subscription Fraud, Internal Fraud, Premium Rate Service Fraud (PRS Fraud), and International Revenue Share Fraud (IRSF), amongst others. The solution will also prevent losses through revenue leakage by providing a solution with capabilities to investigate, diagnose and recover any lost revenues.

The ROC Partner Settlement deployment will offer BTC a 360-degree view of their interconnect agreements to help better manage revenue and margins across their partner ecosystem. Moreover, through ROC Route Optimisation, Subex will provide BTC with a solution that analyzes existing data in terms of operator tariffs and quality of service and generates forecasts to help make an informed choice of interconnect operator partners. In addition to this, Subex will also provide BTC with Managed Services expertise to help them implement the best practices and get the most out of the deployment.

Subex awarded 6-year contract from VodafoneZiggo: The company has been awarded a six-year deal with VodafoneZiggo, a Netherlands based operator offering fixed, mobile and integrated communication and entertainment services to consumers and businesses. Subex will deploy its ROC Partner Settlement and Route Optimization Solutions. The solution will be deployed on a SaaS-based model for VodafoneZiggo's new Interconnect Billing Platform, replacing three different existing legacy billing systems with a single solution, to reduce complexities and optimize costs. This deployment will also help VodafoneZiggo further reduce its operational costs through the Subex Managed Service Center of Excellence, to which certain business operations will be outsourced.

Apart from reducing operational costs, the deployment will also allow VodafoneZiggo to generate more revenues through the new functionalities of the ROC platform, in addition to improving interconnect billing and reconciliations.

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 several 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 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, when combined, choose to use our products which may have a positive impact on our revenue. Another possibility is that two existing customers merger. The consolidation of two customers will have an adverse effect on our revenue as the combined company attempts to reduce their consolidated spending. Finally, 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 went 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.

Historically, the Company has not received any allegation of infringement of third party intellectual property. However, especially as the Company invests in and introduces new product lines 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 and Goods and Service Tax 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. An ongoing monitoring mechanism has been established with respect to applicable laws.

Certifications and compliance

Subex is certified for both information security and quality management system. Periodic reviews and internal audits of projects and the organization are conducted to ensure internal controls are adequate to provide confidence to management and customers. A system is in place to identify and manage process changes methodically. There is people involvement across organization in the activities of process development, implementation and reviews, there by achieving continual improvement. A centralized process repository helps people easy to access the required processes to perform their activities

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 benefits continue under the GST regime, there might be some uncertainty on the benefits due to frequent changes in the GST Laws in India. 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.

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. Any matter that required attention was immediately dealt with. The 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 reviews and updates on processes for projects and organization, alignment to the new organization structure. Identification and Involvement of process owners to review processes and make it relevant and align it to the organization. Some of the requirements which were specific to customer were customised, with audits conducted for some of the accounts.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Key Financials and Ratio Analysis (₹ in Lakhs)

Financial Highlights/Year Ending 31st March	2018-19		2017-18	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	34,812	1,916	32,432	17,993
Total Income	34,913	2,091	32,572	18,694
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	4,823	(861)	2,910	244
Profit/(Loss) before Exceptional items & tax	4,708	(2,455)	2,275	(200)
Exceptional Items	-	-	1,166	389
Profit/(Loss) before tax	4,708	(2,455)	3,441	189
Tax expenses	2,186	(2)	1,373	157
Profit/ (Loss) after tax	2,522	(2,453)	2,068	32
Other comprehensive income	(428)	(3)	(240)	(8)
Equity dividend %	Nil	Nil	Nil	Nil
Share Capital	56,200	56,200	56,200	56,200
Reserves & Surplus	23,210	14,949	21,745	18,034
Net worth	79,410	71,149	77,945	74,234
Gross Property, Plant & equipment and intangible assets	2,424	6,286	2,137	6,287
Net Property, Plant & equipment and intangible assets	547	5,005	719	5,624
Total Assets	89,649	74,479	89,768	75,148

Key Indicators	2018-19		2017-18	
	Consolidated	Standalone	Consolidated	Standalone
Debtor Turnover Ratio	3.91	1.74	3.07	1.77
Interest Coverage Ratio	58.82	-	6.91	0.63
Current Ratio	2.24	0.29	1.73	1.80
Earnings per Share (Yearend)	0.45	(0.44)	0.37	0.01
Debt (including Working capital) Equity-%	0.13	0.05	0.15	0.01
EBITDA / Sales - %	15.24	(12.32)	10.57	5.26
Net Profit Margin - %	7.24	(128.03)	6.38	0.17
Return on year end Net Worth %	2.64	(3.45)	2.35	0.03
Return on year end capital employed % (EBIT/ Capital Employed)	5.86	(1.21)	3.65	0.33

COMMENTARY ON FINANCIAL STATEMENTS

Share Capital

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).

The Company has not allotted equity shares in 2018-19.

Reserves and Surplus

During the year 2017-18, the balance of Foreign Currency Translation Reserve of ₹11,821 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

During the year 2018-19, the balance of Foreign Currency Translation Reserve of ₹12,211 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

Securities Premium Account includes the premium collected on 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.

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, 2019 amounts to ₹18 Lakhs (Previous Year: ₹2 Lakhs).

Short Term Borrowings

During the previous year 2017-18, 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 customer receivables of Subex Assurance LLP ("SA LLP") and paripassu first charge on the current assets of SA LLP, and collateral paripassu first charge on the fixed assets of SA LLP.

As at March 31, 2018, the Company had an outstanding balance of ₹3,215 Lakhs from Axis Bank on a consolidated basis and ₹ Nil on a standalone basis.

As at March 31, 2019, the outstanding balance of short-term borrowings is ₹ Nil in the books of Consolidated & Standalone financial statement.

Fixed Assets

During the year, the Company added ₹317 Lakhs on consolidated basis and ₹12 Lakhs on standalone basis, to its gross block of fixed assets. The Company disposed-off certain assets no longer required. The Company's net block of fixed assets was ₹547 Lakhs (Previous year ₹719 Lakhs) on consolidated basis and ₹5,005 lakhs (Previous year ₹5,624 lakhs) on standalone basis.

Investments

During the year 2018-19 and previous year 2017-18, there is no diminution in the carrying value of investment in Subex Americas Inc. Consequently, the carrying value of those investments remains at ₹936 Lakhs.

During the previous 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 previous 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.

As at March 31, 2019, the carrying value of investment in Subex Assurance LLP and investment in Subex Digital LLP remains at ₹61,564 and ₹1,869 Lakhs respectively.

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 ₹1,789 Lakhs (Previous year ₹1,346 Lakhs) on a consolidated basis and ₹2,255 Lakhs (Previous Year ₹2,228 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 include both rupee accounts and foreign currency accounts. The Margin Money deposit of ₹418 Lakhs (Previous Year: ₹ Nil) on Standalone basis and ₹672 Lakhs (Previous Year: ₹370 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)

Particulars	2018-19		2017-18	
	Value	%	Value	%
Software Products	3,352	9.6%	3,193	9.8%
Software Services	31,460	90.4%	29,239	90.2%
Total	**34,812**	**100%**	**32,432**	**100%**

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

Other Income

Other income consists of income derived by the Company from Interest on income tax refund, interest on deposits from banks, interest on Inter Company Loans.

Expenditure

The employee benefits expenses increased to ₹19,105 Lakhs (Previous year: ₹17,471 Lakhs) on consolidated basis and decreased to ₹739 Lakhs (Previous year: ₹6,248 Lakhs) on standalone basis.

The Company incurred administration and other expenses excluding employee benefit expenses, depreciation, finance cost, taxes and exceptional items at 30% of its total Income during the year as compared to 35% during the previous year on consolidated basis and 73% of its total income during the year as compared to 60% 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 ₹5,306 Lakhs being 15% of total revenue (Excluding other income) as against ₹3,427 Lakhs at 11% total revenue (Excluding other income) during the previous year. On a standalone basis, the Company earned Operating Loss before Interest, depreciation, tax and exceptional items of ₹236 Lakhs, being 12% of total income (excluding other income and share of profit/loss from LLP's) as against an operating profit of ₹947 Lakhs at 5% during the previous year.

Interest & Bank Charges

The Company incurred an expenditure of ₹216 Lakhs (Previous year: ₹775 Lakhs) on a consolidated basis and ₹4 Lakhs (Previous year: ₹547 Lakhs) on a standalone basis.

Depreciation

Depreciation and amortization for the year amounted to ₹483 Lakhs (Previous year: ₹517 Lakhs) on consolidated basis and ₹625 Lakhs (Previous year: ₹703 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

On consolidated basis, the net profit of the Company amounted to ₹2,522 Lakhs, as against a net profit of ₹2,068 Lakhs during the previous year. Total Comprehensive Income for the year is ₹2,094 Lakhs as compared to the income of ₹1,828 Lakhs during previous year. On standalone basis, the net loss of the Company amounted to ₹2,453 lakhs as against a net profit of ₹32 Lakhs during the previous year. Total Comprehensive loss for the year is ₹2,456 Lakhs as compared to income of ₹24 Lakhs during previous year.

Earnings per Share

Basic Earnings/(Loss) per share computed based on number of common stock outstanding, as on the Balance Sheet date is of ₹0.45 per share (Previous year: ₹0.37 per share) on a consolidated basis and a loss of ₹0.44 per share [Previous year: Earning of ₹0.01 per share] on a standalone basis.

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

Subexians

Our focus for the year was to bring in revenue growth and create a vibrant Subex. Culturally as an organization we take pride in ensuring the experience of the Subexian throughout the employee lifecycle of recruitment, onboarding, performance, learning & growth and offboarding is given utmost importance. And with the host of initiatives we drive, we are on a journey of creating a vibrant Subex.

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, 2019, we had 800+ 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 function is a key enabler in the company's growth path by driving focused initiatives towards our talent focus and development.

We take employee engagement very seriously and to that effect have HR policies that are drivers to creating a vibrant Subex. Work from home, Sabbatical, Certification, Team Outing are examples of a few policies which are employee focused.

Happy Feet, a day care facility within the premises for employees is a child care facility we offer to young parents which is being managed by a professional team.

Key hires for the year

Over the period of the last twelve months we have increased talent bandwidth with the hire of key people including Venkatraman G S, Shankar Roddam, Nishith Dave and Santhosh Gopalan in the roles of CFO, COO, Head of Presales and Head of Consulting & Advisory team respectively. This has helped create the pertinent thought leadership paving way for our growth.

Recruitment

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

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.

Subexian Onboarding

Statistically it is proven that onboarding ranks #2 (after recruiting) with the second highest business impact of all the HR practices. The ROI that an effective and efficient onboarding practice brings to the table cannot be ignored.

Subex has defined a robust and a comprehensive onboarding process with a clear goal of creating a great day one experience including pick up from home, seating desk allocation and laptop / desktop being made available immediately after the induction. The time spent on paper work has been reduced significantly by completing all such mundane activity online before the joining date. This has led to significantly improving the day one experience.

The process does not limit to only day one. Quantifiable processes to cover the new joinee's 30-60-90 training plan, regular polls and interventions take place to assess employee engagement.

The new joinee training is then followed up with an on-the-job training to strengthen the knowledge and skills learnt during the training period.

Performance Management

This year the focus has hinged dramatically on high performance with the aim of driving meritocracy. The HR team in consultation with business drove multiple high- performance programs in the form of rewarding high performers with enhanced roles and incentive benefits.

The ask of the current work generation is to receive constant coaching and feedback. This is being catered to by the introduction of Continuous Performance Management (CPM) which enables both the Subexian and the manager to seek and give feedback instantly.

Learning & Growth

Learning & development analysis is a continuous process to align people skills with business goals. A competency matrix of employees has been implemented with the aim of improving the efficiency through personalized skill and knowledge development.

The highlight of this year has been the introduction of asynchronous learning. This approach combines self-study with asynchronous interactions to promote learning, and it can be used to facilitate learning in traditional on-campus learning, distance learning and continuing learning.

Rewards & Recognition

We understand the importance of what appreciating and rewarding good performance and talent is. And although a recognition program involves costs, the outcome is significant. Some of the advantages are –

- Increases the repetition of desired behaviors, thereby aligning people with the desired organizational goals
- Better employee job satisfaction
- Enhances team spirit
- Lowers employee turnover by acting as a retention tool.
- Lowers incidences of negative behavior, reduces absenteeism, increases productivity, and decreases stress on the job.
- Maintains a strong employer brand
- Acts as an allied HR process for meeting learning goals

We launched our revised rewards and recognition program called 'World of Winners (WoW)' with a sole aim of mimicking the above. Some of the key highlights of this program are an award wall (which displays photos of winners along with a short description of why they won the award), surprise rewards and hardship rewards.

We also institutionalized a one of its kind rewards and recognition event. Key behaviors and traits were identified and Subexians who displayed that were nominated for the awards. A neutral panel was set up to pick winners from the nominations.

Compensation

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

We benchmark our compensation package against industry data and strive to achieve a balanced position. We also arrive at the salary bands of Subexians by conducting comprehensive job matching, data validation and quality audits.

We as an organization are committed to the growth and development of our employees and will continue to invest in mind, money and effort towards this.

INDEPENDENT AUDITOR'S REPORT

To the Members of Subex Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

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, 2019, the standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income, the standalone Cash Flow Statement and the standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investments in Subsidiaries *(as described in note 5 of the standalone Ind AS financial statements)*	
As at March 31, 2019, the carrying value of investment in wholly owned subsidiaries in the standalone Ind AS balance sheet amounts to ₹ 64,369 lakhs, which is assessed for impairment. To assess if there is an impairment of the carrying value of the investment, management conducted impairment tests, annually or whenever changes in circumstances or events indicate that, the carrying amount of such investment may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value.	Our audit procedures included the following: (i) We understood the Company's process for identification of indicators for impairment and evaluated the Company's internal controls over its impairment assessment of investment in subsidiaries. We understood the key assumptions applied by the management such as revenue growth, operating margins, discount rates and terminal growth rates in determining impairment;

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investments in Subsidiaries *(as described in note 5 of the standalone Ind AS financial statements)*	
The recoverable amount is estimated by calculating the value in use, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation report/future business plans are reviewed and approved by the Audit Committee/ Board of Directors of the Company. This is a key audit matter as the testing of investment impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth etc.	(ii) In respect of the external valuation specialist engaged by the management, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert; (iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert; (iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and (v) We assessed the disclosures made in the financial statements.
Contingent liabilities in relation to tax litigations *(as described in note 34(b) of the standalone Ind AS financial statements)*	
The Company has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Company is contesting these demands. Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows. The evaluation of management's judgements supported by the assessments received from external tax and legal specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases, time period for resolution have been a matter of significance during the audit and hence considered as a key audit matter.	Our audit procedures included the following: (i) We obtained an understanding and tested the internal controls relating to the identification, recognition and measurement of provisions for disputes and disclosures of contingent liabilities in relation to tax; (ii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management; (iii) We obtained confirmation from management's expert on ongoing litigations along with risk assessment; (iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases; (v) We involved tax specialists to review the status of tax assessments and management's position in relation to on-going disputes regarding likelihood assessment of exposure carried out by the management; (vi) We assessed the independence, objectivity and competence of the management expert; and (vii) We assessed the disclosures in the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures and report on Corporate Governance, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the 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.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

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

    (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

    (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

    (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 standalone Ind AS financial statements – Refer Note 34(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 of Signature: Bengaluru
Date: May 13, 2019

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.

(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 34(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	1,397	1,397	2013-14	Income Tax Appellate Tribunal ('ITAT'), Bangalore
		3,382	924	2012-13	Transfer Pricing Officer, 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	Hon'ble High Court of Karnataka
		80	141	2004-05	Hon'ble High Court of Karnataka
		211	212	2001-02, 2002-03 and 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, 2019.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(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.

(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 for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 34(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.

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

(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 of Signature: Bengaluru
Date: May 13, 2019

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 March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls 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 with reference to these standalone Ind AS financial statements was 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

STANDALONE BALANCE SHEET

as at March 31, 2019

(₹ in Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	18	29
Intangible assets	4	4,987	5,595
Financial assets			
Investments	5	64,369	64,406
Loans	6	35	35
Other balances with banks	7	418	-
Other financial assets	10	234	234
Income tax assets (net)	11	2,730	2,494
Deferred tax asset	12	425	425
Other non-current assets	13	281	288
		73,497	73,506
Current assets			
Financial assets			
Loans	6	4	6
Trade receivables	8	842	1,364
Cash and cash equivalents	9	97	211
Other financial assets	10	6	-
Other current assets	13	33	61
		982	1,642
Total assets		74,479	75,148
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	56,200
Other equity	15	14,949	18,034
Total equity		71,149	74,234
Liabilities			
Non-current liabilities			
Provisions	19	1	1
		1	1
Current liabilities			
Financial liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	16	1	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	16	267	415
Other financial liabilities	17	2,658	49
Other current liabilities	18	17	51
Provisions	19	112	112
Income tax liabilities (net)	20	274	286
		3,329	913
Total liabilities		3,330	914
Total equity and liabilities		74,479	75,148
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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Lakhs)

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
1	Income			
	Revenue from operations	21	1,916	17,993
	Share of profit from Limited Liability Partnerships	22	165	635
	Other income	23	10	66
	Total income		2,091	18,694
2	Expenses			
	Employee benefits expense	24	739	6,248
	Finance costs	25	4	547
	Depreciation and amortization expense	26	625	703
	Share of loss from Limited Liability Partnerships	22	1,765	598
	Other expenses	27	1,413	10,798
	Total expenses		4,546	18,894
3	Loss before exceptional items and tax expense (1-2)		(2,455)	(200)
4	Exceptional items	28	-	389
5	Profit/ (loss) before tax expense (3+4)		(2,455)	189
6	Tax expense (net):	20		
	Current tax (credit)		-	(53)
	Provision/ (reversal) - foreign withholding taxes (net)		(2)	157
	MAT charge		-	53
			(2)	157
7	Net profit/ (loss) for the year (5-6)		(2,453)	32
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	36	(3)	(8)
			(3)	(8)
9	Total comprehensive income for the year attributable to equity holders of the Company (7+8)		(2,456)	24
10	Basic and diluted earnings/ (loss) per equity share [nominal value of share ₹ 10 (March 31, 2018: ₹ 10)]	29	(0.44)	0.01
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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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, 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
Issued during the year	-	-
As at March 31, 2019	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	Treasury shares	
As at April 1, 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: On account of restructuring (refer note 30)	-	2,776	-	-	-	-	-	2,776
As at March 31, 2018	-	2,776	26,705	1,780	1	(13,228)	-	18,034
Less: Loss for the year	-	-	-	-	-	(2,453)	-	(2,453)
Less: Other comprehensive income	-	-	-	-	-	(3)	-	(3)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	-	(645)	(645)
Add: Share-based payments (refer note 35)	-	-	-	-	16	-	-	16
As at March 31, 2019	-	2,776	26,705	1,780	17	(15,684)	(645)	14,949

*In the previous year, upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, was transferred to surplus/(deficit) in the statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares

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

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Operating activities		
Profit/ (loss) before tax expense	(2,455)	189
Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:		
Depreciation of property, plant and equipment	17	155
Amortization of intangible assets	608	548
Expense on employee share based payments	16	-
Loss on disposal of property, plant and equipment (net)	-	2
Interest income (including fair value changes)	(10)	(34)
Finance costs (including fair value changes)	4	547
Provision for doubtful debts and advances (net of reversal)	35	(182)
Provisions for doubtful advances no longer required written back (exceptional item)	-	(389)
Write back of withholding taxes paid earlier	-	(30)
Amortized cost of deposits	4	32
Fair value change in financial instruments	-	(62)
Share of profit/ (loss) (net) from Limited Liability Partnerships	1,600	(37)
Net foreign exchange differences	7	(55)
Operating profit before working capital changes	(174)	684
Working capital adjustments:		
(Increase)/ decrease in loans	5	389
(Increase)/ decrease in trade receivables	488	8,789
(Increase)/ decrease in other financial assets	-	453
(Increase)/ decrease in other assets	31	464
Increase/ (decrease) in trade payables	(155)	(3,381)
Increase/ (decrease) in other financial liabilities	10	(144)
Increase/ (decrease) in other current liabilities	(34)	(53)
Increase/ (decrease) in provisions	(3)	43
	168	7,244
Income tax paid (including TDS, net of refund)	(246)	(999)
Net cash flows (used in)/ from operating activities	(78)	6,245
(B) Investing activities		
Purchase of property, plant and equipment	(11)	(203)
Purchase of intangible assets	-	(6,080)
Proceeds from sale of property, plant and equipment	6	-
Drawings from Limited Liability Partnerships	1,035	-
Cash transferred pursuant to restructuring (refer note 30)	-	(1,300)
(Investment in)/ Proceeds from margin money deposit	(418)	89
Interest received	1	14
Purchase of treasury shares by ESOP trust	(645)	-
Net cash flows used in investing activities	(32)	(7,480)

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(C) Financing activities		
Movement in working capital loans (net)	-	(3,107)
Interest paid	(4)	(975)
Preferential issue of equity shares	-	7,713
Repayment of borrowings (FCCBs)	-	(2,336)
Net cash flows (used in)/ from financing activities	(4)	1,295
(D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(114)	60
Cash and cash equivalents at the beginning of the year	211	151
(E) Cash and cash equivalents at year end (refer note 9)	97	211

Explanatory notes to statement of cash flow

Reconciliation of liabilities arising from financing activities for the year ended March 31, 2018*

(₹ in Lakhs)

Particulars	As at March 31, 2017	Repayments /proceeds (Net)	Liability transferred pursuant to restructuring**	Foreign exchange fluctuation	As at March 31, 2018
Foreign currency convertible bonds	2,277	(2,336)	-	59	-
Loan repayable on demand	8,590	(3,107)	(5,483)	-	-
Total liabilities from financing activities	10,867	(5,443)	(5,483)	59	-

*For the current year 2018-19, there is no opening and closing balance of foreign currency convertible bonds or loan repayable on demand. Therefore, there is no reconciliation of liabilities arising from financing activities for the year ended March 31, 2019.

**refer note 30

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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

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DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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 30 in this regard.

These standalone financial statements for the year ended March 31, 2019 are approved by the Board of Directors on May 13, 2019.

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 comprise the financial statements of the Company and its controlled employee benefit trust.

Subex Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust are controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated [refer note 2(o) and note 35].

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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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. Also, refer note 2(h).

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 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 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 35.

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(r) and note 20.

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 holds the liability primarily for the purpose of trading
- 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.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and /or revised accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

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 based on 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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.

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 115, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as distinct performance obligation. For allocating the consideration, the Company has measured the revenue in respect of each distinct performance obligation of a transaction at its standalone selling price, in accordance with principles given in Ind AS 115. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company has used a residual method to allocate the arrangement consideration. In these cases, the balance of the consideration, after allocating the standalone selling price of undelivered components of a transaction has been allocated to the delivered components for which specific standalone selling price 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 recognized 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 as at the balance sheet date.

The application of Ind AS 115 did not have significant impact on the financial statements.

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

Property, 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:

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, 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.

Investment in Limited Liability Partnership (LLP) firms is carried at cost in the separate financial statements. The share in profit/loss in LLP is recognised as income/expense in the standalone statement of profit and loss and is recorded under other current financial asset/liabilities as the right to share the profit/loss is established as per the LLP's agreement.

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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.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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. Treasury shares

The Company has formed Subex Employee Welfare and ESOP Benefit Trust (ESOP Trust) for providing share-based payment to its employees. The Company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

Own equity instruments that are purchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted with treasury shares.

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

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 where remaining maturity of such bond correspond to expected term of defined benefit obligation.

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.

q. 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.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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.

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 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.

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 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.

u. 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, 2019

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 2017	752	7	12	50	821
Additions	193	1	1	8	203
Disposals	(1)	-	-	(2)	(3)
Transfer on account of restructuring (refer note 30)	(884)	(7)	-	(52)	(943)
As at March 31, 2018	60	1	13	4	78
Additions	12	-	-	-	12
Disposals	(1)	-	(11)	-	(12)
As at March 31, 2019	71	1	2	4	78
Depreciation					
As at April 1, 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 30)	(531)	(5)	-	(28)	(564)
As at March 31, 2018	44	-	4	1	49
Charge for the year	14	-	2	1	17
Disposals	(1)	-	(5)	-	(6)
As at March 31, 2019	57	-	1	2	60
Net block					
As at March 31, 2018	16	1	9	3	29
As at March 31, 2019	14	1	1	2	18

4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights*	Total
Cost			
As at April 1, 2017	195	-	195
Additions	2	6,078	6,080
Disposals	-	-	-
Transfer on account of restructuring (refer note 30)	(67)	-	(67)
As at March 31, 2018	130	6,078	6,208
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2019	130	6,078	6,208
Amortization			
As at April 1, 2017	75	-	75
Amortization for the year	65	483	548
Disposals	-	-	-
Transfer on account of restructuring (refer note 30)	(10)	-	(10)
As at March 31, 2018	130	483	613
Amortization for the year	-	608	608
Disposals	-	-	-
As at March 31, 2019	130	1,091	1,221
Net block			
As at March 31, 2018	-	5,595	5,595
As at March 31, 2019	-	4,987	4,987

*During the previous year, 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, 2019	As at March 31, 2018
Non-current		
Investments carried at cost		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2018: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2018: ₹ 76,560 Lakhs)]*	936	936
4,999,994 (March 31, 2018: 4,999,994) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2018: ₹ 500 Lakhs)]	-	-
	936	936
B. Investments in limited liability partnership firms (refer note 1, note 5(a), note 22 & note30)*		
Investment in Subex Assurance LLP	61,564	62,199
Investment in Subex Digital LLP	1,869	1,271
	63,433	63,470
Total Investments carried at cost (A+B)	64,369	64,406
Aggregate amount of unquoted investments in subsidiaries	141,429	141,466
Aggregate amount of impairment on investments	77,060	77,060
	64,369	64,406

During the previous year, pursuant to the restructuring, Subex Limited has transferred its investments in equity shares of wholly owned subsidiaries Subex (UK) Limited and Subex Middle East (FZE) to Subex Assurance LLP. Also, refer note 30.

*As at March 31, 2019, the Company has assessed the carrying value of the investment in its subsidiaries, based on future operational plan, projected cash flows and valuation carried out by an external valuer, which has been approved by the Board of Directors. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2019 is appropriate.

a) As at March 31, 2018, the share of profit of ₹ 635 lakhs with respect to Subex Assurance LLP and share of loss of ₹ 598 lakhs with respect to Subex Digital LLP were adjusted with carrying value of investment considering management plan.

   During the year, considering the financial position of the limited liability partnerships, management intends to fund the losses and withdraw the share of profit. Accordingly, cumulative share of loss of ₹ 2,363 lakhs pertaining to Subex Digital LLP and drawings in excess of cumulative share of profit of ₹ 235 lakhs pertaining to Subex Assurance LLP is disclosed under 'Other current financial liabilities' (refer note 17).

6. Loans

Non-current

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loan receivable		
Unsecured, considered good		
Security deposit	35	35
Loan receivables - credit impaired		
Loans to related parties (refer note 32 and note 33)	1,706	1,706
	1,741	1,741
Impairment allowance for loan receivable		
Loan receivables - credit impaired		
Loans to related parties (refer note 32 and note 33)	(1,706)	(1,706)
Total	35	35
Current		
Unsecured, considered good		
Loans and advances to employees	4	6
Total	4	6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Other bank balances (refer note 9)		
Margin money deposits [refer note 34(b)(iii)]	418	-
	418	-

8. Trade receivables*

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	3,097	3,592
Total (a)	3,097	3,592
Impairment allowance (allowance for bad and doubtful debts)**		
Unsecured, considered good	(2,255)	(2,228)
Total (b)	(2,255)	(2,228)
Net Trade Receivables (a-b)	842	1,364

*includes dues from related parties. Refer note 31.

**During the year ended March 31, 2019, the Company has written off bad debts amounting to ₹ 9 Lakhs (March 31, 2018 : ₹ 1,621 Lakhs) including related party receivables from its allowances 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, refer note 32 for the balance receivable from Subex Assurance LLP and Subex Digital LLP where certain directors of the Company are appointed as designated partners / employee.

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, 2019	As at March 31, 2018
Current		
Balance with banks		
In current accounts	97	211
	97	211
Non-current		
Other balances with banks		
Margin money deposits	418	-
	418	-
Less: Disclosed under other balances with banks (Non-current) (refer note 7)	(418)	-
	-	-

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Interest accrued but not due on bank deposits	6	-
	6	-

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance income-tax [net of provision for taxation ₹ 612 Lakhs (March 31, 2018: ₹ 612 Lakhs)]	2,730	2,494
	2,730	2,494

12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Minimum alternative tax ('MAT') credit entitlement (refer note 20)	425	425
	425	425

13. Other assets

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	14	21
	281	288
Current		
Balance with statutory/ government authorities	8	-
Advance recoverable in cash or kind		
Prepaid expenses	9	48
Advance to suppliers	-	1
Expenses incurred on behalf of customers	16	12
	33	61

*Balance represents service tax inadvertently 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, 2019

14. Share capital

	No.	(₹ in Lakhs)
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 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
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	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, 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
Issued during the year	-	-
As at March 31, 2019*	562,002,935	56,200

*includes 243,207 (March 31, 2018: 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, 2019 and March 31, 2018.

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, 2019		As at March 31, 2018	
	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

As at March, 31, 2019, there is no individual shareholder or shareholder (together with PAC) holding more than 5% shares of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

14. Share capital (contd.)

c) Shares reserved for issue under options (No.)

	As at March 31, 2019	As at March 31, 2018
Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP - III	6,125	24,055
ESOP - V	11,200,000	-
	11,206,125	24,055

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, 2019	As at March 31, 2018
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

e) During the year ended March 31, 2018, the Company made an allottment 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.

f) Number of treasury shares outstanding

	As at March 31, 2019	As at March 31, 2018
Equity shares held by Subex Employee Welfare and ESOP Benefit Trust (refer note 35)	11,200,000	-

15. Other equity

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Equity component of compound financial instruments		
Balance as per last financial statements	-	205
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	-	(205)
Closing balance	-	-
Capital reserve		
Balance as per last financial statements	2,776	-
Add: Additions on account of restructuring (refer note 30)	-	2,776
Closing balance	2,776	2,776
Securities premium		
Balance as per last financial statements	26,705	24,501
Add: Additions on account of preferential issue of equity shares [refer note 14(e)]	-	2,204
Closing balance	26,705	26,705
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Employee stock options reserve		
Balance as per last financial statements	1	6
Less: Compensation on ESOP cancelled/ lapsed during the year	-	(5)
Add : Share-based payments	16	-
Closing balance	17	1
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(13,228)	(13,457)
(Less)/ Add: (Loss)/ Profit for the year	(2,453)	32
Add: Transfer from equity component of compound financial instrument*	-	205
Less: OCI - Remeasurement loss on defined benefit obligations	(3)	(8)
Closing balance	(15,684)	(13,228)
Treasury Shares		
Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust**	(645)	-
Closing balance	(645)	-
Summary of other equity:		
Capital Reserve (refer note 30) The Company recognises profit and loss on transfer of business on account of restructuring to capital reserve.	2,776	2,776
Securities premium account Securities premium is used to record the premium on issue of shares. The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.	26,705	26,705
General reserve This represents appropriation of profit by the Company.	1,780	1,780
Employee stock options reserve The employee stock option reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to reserves upon exercise of stock options by employees.	17	1
Surplus/ (deficit) in the statement of profit and loss Surplus/ (deficit) in the statement of profit and loss comprises of the amounts that can be distributed by the company as dividends to its equity share holders.	(15,684)	(13,228)
Treasury Shares Treasury shares represent own equity shares that are reacquired and recognised at cost for the purpose of re-issuing to employees under ESOP scheme.	(645)	-
Total other equity	14,949	18,034

*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.

**On July 31, 2018, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme – 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust is authorised to purchase shares of the Company through secondary market for issuance to the employees of the Group under ESOP Scheme 2018. Such shares held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Also refer Note 35 for further details on ESOP scheme.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

16. Trade payables*

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises**	1	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	267	415
	268	415

*includes dues to related parties. Refer note 32.

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 39.

**Payable to micro, small and medium enterprises (₹ in Lakhs)

Description	As at March 31, 2019	As at March 31, 2018
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	1	-
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

17. Other current financial liabilities

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Share of Loss from Subex Digital LLP* [refer note 5(a)]	2,363	-
Drawings in excess of share of profit from Subex Assurance LLP* [refer note 5(a)]	235	-
Employee related liabilities	57	49
Capital creditors	1	-
Advance from related parties*	2	-
	2,658	49

*refer note 32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

18. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Statutory dues	17	51
	17	51

19. Provisions

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	1	1
	1	1
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	-	3
Leave benefits	12	9
Provision for litigations*	100	100
	112	112

*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 34(b)(iii) for further details.

20. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Provision for tax [net of advance tax ₹ 234 Lakhs (March 31, 2018: ₹ 234 Lakhs)]	150	150
Provision for foreign taxes	22	34
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2018: ₹ 62 Lakhs)] *	102	102
	274	286

*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)(i) for further details.

Income tax expense in the standalone statement of profit and loss consist of the following:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Tax expense:		
Current tax (credit)	-	(53)
Provision/ (reversal) - foreign witholding taxes (net) *	(2)	157
MAT charge	-	53
	(2)	157

Notes:
*Represents provision in respect of withholding taxes deducted/deductible by the overseas customers of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

20. 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)

	As at March 31, 2019	As at March 31, 2018
Profit/ (loss) before tax expense	(2,455)	189
Applicable tax rates in India	34.94%	34.61%
Computed tax charge (A)	(858)	65
Components of tax expense:		
Provision for foreign withholding taxes (net)	(2)	157
Deferred tax asset not recognised on carry forward losses	858	-
Other adjustments	-	(65)
Total adjustments (B)	856	92
Total tax expense (A+B)	(2)	157

21. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	-	725
Sale of services	1,916	17,268
	1,916	17,993
Disaggregation of revenue:		
Revenue by offering		
Managed services	44	2,222
Sub-contracting services (refer note 32)	1,872	11,085
Sale of license	-	725
Implementation and customisation	-	1,268
Support services	-	2,693
	1,916	17,993

22. Share of profit/ (loss) from Limited Liability Partnerships (net)*

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Share of profit from Subex Assurance LLP	165	635
Share of loss from Subex Digital LLP	(1,765)	(598)
	(1,600)	37

*refer note 5(a), note 30 and note 32.

23. Other income

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Write back of withholding taxes paid earlier (refer note 42)	-	30
Miscellaneous income	-	2
Interest income on:		
Security deposits	3	21
Bank deposits	7	7
Inter-company loans and advances (refer note 32)	-	6
	10	66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

24. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	684	5,684
Contribution to provident and other funds	24	172
Employee share based payments	16	-
Gratuity expense (refer note 36)	4	42
Staff welfare expenses	11	350
	739	6,248

25. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest		
Foreign currency convertible bonds	-	95
Other borrowings	-	294
Other finance charges	-	11
Bank charges	4	147
	4	547

26. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	17	155
Amortization of intangible assets (refer note 4)	608	548
	625	703

27. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Cost of hardware, software and support charges	4	398
Sub-contract charges	-	90
Rent	128	765
Power and fuel	16	124
Repairs and maintenance		
Building	7	45
Others	33	322
Insurance	8	57
Communication costs	13	75
Printing and stationery	13	38
Traveling and conveyance	102	1,154
Rates and taxes	68	130
Advertisement and business promotion	13	87
Consultancy charges	300	483

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

27. Other expenses (contd.)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Payments to auditors [refer note 27(i)]	55	114
Sales commission	-	54
Marketing and allied service charges (refer note 32)	513	6,658
Provision for doubtful debts (net)	35	(182)
Exchange fluctuation loss (net)	39	311
Directors sitting fees (refer note 32)	56	73
Loss on sale of fixed assets (net)	-	2
Contribution towards corporate social responsibility	10	-
	1,413	10,798

27(i). Payments to the auditors *:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit fee	48	87
Tax audit fee	1	4
In other capacity		
Other services (certification services)	3	15
Reimbursement of expenses	3	8
	55	114

*Payment to auditors is exclusive of goods and services tax/ service tax

28. Exceptional items

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Inter company balances		
Provision for doubtful advances no longer required written back*	-	389
	-	389

*Represents provision for doubtful advances no longer required written back upon collection of the loans and advances from its subsidiaries which were provided during the year ended March 31, 2016.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

29. 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, 2019	Year ended March 31, 2018
Nominal value per equity share (₹ per share)	10	10
Profit/ (loss) attributable to equity shareholders (₹ in Lakhs)	(2,453)	32
Weighted average number of equity shares (No. in Lakhs)*	5,577	5,554
Earnings/ (loss) per share basic and diluted (₹ per share)**	(0.44)	0.01

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

**Employee stock options outstanding as at March 31, 2019 and as at March 31, 2018 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

30. Restructuring

During the previous year, 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 were 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.

Pursuant to restructuring, the Company accounted for the transaction 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 was recognised as Capital reserve.

30. Restructuring (contd.)

During the previous year, balances transferred from Subex Limited to the LLPs pursuant to the restructuring were as follows:

(₹ in Lakhs)

Particulars	SA LLP	SD LLP	Total
(A) Capital contribution	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
(B1) Total assets	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
(B2) Total liabilities	17,749	316	18,065
(B) Net assets transferred (B1-B2)	60,566	91	60,657
Capital reserve (A-B)	998	1,778	2,776

31. 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 is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Company's operations in Europe, Middle East and APAC comprises of the Company's operations majorly in Singapore and Australia. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2019	Year ended March 31, 2018
Americas	489	2,997
EMEA	-	10,371
India	44	1,607
APAC	1,383	3,018
	1,916	17,993

*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, 2019

31. 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, 2019 and March 31, 2018. Revenue from certain subsidiaries accounts for more than 10% of the total revenues of the Company (refer note 32).

Non-current operating assets by geographical location are as follows**: (₹ in Lakhs)

Region	As at March 31, 2019	As at March 31, 2018
India	5,286	5,912
Outside India	-	-
Total non-current operating assets	5,286	5,912

**Non-current operating assets includes Property, plant and equipment, Intangible assets, Balance with statutory / government authorities and Prepaid expenses.

32. 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 Middle East (FZE)
- Subex Assurance LLP (w.e.f April 5, 2017)
- Subex Digital LLP (w.e.f April 5, 2017)

Trust which is consolidated

- Subex Employee Welfare and ESOP Benefit Trust (w.e.f September 6, 2018)

ii. Related parties under Ind AS 24 and Companies Act, 2013

Key management personnel

Anil Singhvi	Chairman (w.e.f. May 25, 2017) & Independent Director
Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer (w.e.f April 01, 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)
Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018)
G V Krishnakanth	Company Secretary (w.e.f July 10, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Surjeet Singh	Managing Director & Chief Executive Officer (Up 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)
Mehernaz Dalal	Chief Financial Officer (w.e.f June 15, 2017 to November 30, 2018)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

32. Related party transactions (contd.)

iii. Details of the transactions with the related parties during the year ended March 31, 2019: (₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Transactions with wholly owned subsidiaries		
Income from software development and sub-contracting services:		
Subex Inc.	489	2,479
Subex (Asia Pacific) Pte. Limited	1,383	2,213
Subex (UK) Limited	-	5,394
Subex Americas Inc.	-	288
Subex Middle East (FZE)	-	711
	1,872	11,085
Marketing and allied service charges:		
Subex (UK) Limited	1	2,710
Subex Inc.	512	3,315
Subex Americas Inc.	-	244
Subex (Asia Pacific) Pte. Limited	-	356
Subex Middle East (FZE)	-	33
	513	6,658
Interest received/ receivable on inter company loans:		
Subex Americas Inc.	-	6
	-	6
Reimbursement of expenses made to:		
Subex Assurance LLP	118	408
Subex Digital LLP	10	11
Subex (Asia Pacific) Pte. Limited	12	10
Subex (UK) Limited	-	7
Subex Inc.	-	1
Subex Technologies Limited	-	1
	140	438
Reimbursement of expenses received from:		
Subex Assurance LLP	202	756
Subex (Asia Pacific) Pte. Limited	78	21
Subex (UK) Limited	1	29
Subex Digital LLP	-	69
Subex Inc.	-	8
Subex Americas Inc.	-	1
	281	884
Provision for doubtful advances/ debts and (provision no longer required written back)		
Subex Americas Inc.	-	1,173
Subex Inc.	-	(793)
Subex (Asia Pacific) Pte. Limited	-	(609)
Subex (UK) Limited	-	(148)
Subex Technologies Limited	-	(12)
	-	(389)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

32. Related party transactions (contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Bad debts written off:*		
Subex Americas Inc.	-	480
	-	480
Investment made in form of capital contribution [refer note 5(a)]:		
Subex Assurance LLP	-	61,564
Subex Digital LLP	-	1,869
	-	63,433
Drawings during the period		
Subex Assurance LLP	1,035	-
	1,035	-
Loan given to Subex Employee Welfare and ESOP Benefit Trust****	645	-
	645	-
Advance received		
Subex Assurance LLP	2	-
	2	-
Share of profit/(loss), from Limited Liability Partnerships:		
Subex Assurance LLP	165	635
Subex Digital LLP	(1,765)	(598)
	(1,600)	37
Net assets, including investment, transferred pursuant to restructuring (refer note 30):		
Subex Assurance LLP	-	60,566
Subex Digital LLP	-	91
	-	60,657
B. Transactions with key managerial personnel		
Salary and perquisites**		
Vinod Kumar Padmanabhan***	57	54
Venkatraman G S***	31	-
G V Krishnakanth***	24	-
Mehernaz Dalal	63	44
Ashwin Chalapathy	-	45
Surjeet Singh	-	38
Ganesh KV	-	37
	175	218
Director sitting fees		
Anil Singhvi	24	28
Nisha Dutt	14	22
Poornima Prabhu	18	23
	56	73

*Bad debts written off during the previous year ended March 31, 2018 were from allowances for doubtful debts.

**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.

***During the year, the Company has granted 25 lakhs ESOPs to key management personnel under ESOP 2018 scheme, which includes options granted to designated partner/ employee of Subex Assurance LLP.

****Loan given to Subex Employee Welfare and ESOP Benefit Trust has been reduced from other equity. Also refer note 15.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

32. Related party transactions (contd.)

iii. Details of balances receivable from and payable to related parties are as follows: (₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2018: ₹ 1,841 Lakhs)]	-	-
Subex Inc.	87	363
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 34 Lakhs (March 31, 2018:₹ 34 Lakhs)]	337	248
Subex Assurance LLP	6	-
Subex UK Limited	-	1
Subex Digital LLP	-	6
	430	618
Trade payables		
Subex (UK) Limited	1	-
Subex Inc.	127	206
Subex (Asia Pacific) Pte. Limited	76	-
Subex Assurance LLP	1	127
Subex Americas Inc.	-	2
	205	335
Loans and Advances receivable		
Subex Americas Inc. [Net of provision of ₹ Nil (March 31, 2018: ₹ Nil)]	-	-
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2018: ₹ 1,706 Lakhs)]	-	-
	-	-
Loans and Advances payables		
Subex Assurance LLP	2	-
	2	-
Current financial liabilities		
Share of Loss from investment in Subex Digital LLP	2,363	-
Overdraft from Subex Assurance LLP	235	-
	2,598	-
Outstanding guarantees given to		
Subex Assurance LLP [refer note 34(b)(iv)]	4,500	8,250

33. 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, 2019		As at March 31, 2018	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Technologies Limited*	1,706	1,706	1,706	1,718
Subex Americas Inc.**	-	-	-	377
	1,706		1,706	

*Loans and advances to Subex Technologies Limited is provided as at March 31, 2019: ₹ 1,706 Lakhs (March 31, 2018: ₹ 1,706 Lakhs).

**During the previous year, loans and advances to Subex Americas Inc., have been collected and related provision has been written back ₹ 377 Lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities

a) Commitments

Operating leases

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 ₹ 128 Lakhs (March 31, 2018: ₹ 765 Lakhs)

b) Contingent liabilities (₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax demands [refer note (i)]	10,952	12,692
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)]	4,500	8,250
Bank guarantees (furnished to customers)	-	6

i. Income tax

The Company has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2015, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management is of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that the demands raised by the Assessing Officers are not tenable under the Income Tax Act, 1961. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these tax demands.

ii. Service tax

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

iii. Others

The Company had received certain claims from two of its ex-directors for an amount of ₹ 1,293 Lakhs. The Company disputed the same as these claims are not tenable. During the current year, in respect of arbitration concerning to one of the ex-directors, the Honorable Tribunal has passed an Award directing the Company to pay a sum of ₹ 696 lakhs (including interest). The Company has filed an application before the Honorable City Civil Court, Bengaluru to set aside the Award and has also sought an interim stay in this regard. The Honorable City Civil Court, Bengaluru passed an interim order staying the Award passed by the Honorable Tribunal until disposal of the arbitral suit, subject to Company depositing a 60% bank guarantee of the award amount. The Company has deposited a bank guarantee for an amount of ₹ 418 Lakhs i.e., 60% of the award amount. During the current year, in respect of the arbitration proceedings concerning to the other ex-director, the Honorable Tribunal passed an Award directing the company to pay a sum of ₹ 770 lakhs. The Company filed a challenge application before the Honorable City Civil Court, Bengaluru to set aside the Arbitral Award which is pending. Since it is uncertain in both the matters if and what relief the Honorable City Civil Court, Bengaluru will grant, the management, basis opinion obtained from its legal counsel, 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, 2018: ₹ 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

34. Commitments and contingent liabilities (contd.)

other advances paid to directors during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2018: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2018: ₹ 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

The Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 4,500 lakhs (March 31, 2018: ₹ 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.

35. 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.

The Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved "Subex Employees Stock Option Scheme – 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6, 2018 and is authorised to acquire upto 5% of the outstanding share capital of the Company as on March 31, 2018 through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Subsequently, the Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 1,06,50,000 options effective from February 05, 2019 to the eligible employees at ₹ 6/- each per share. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

Employees stock options details as on the balance sheet date are:

Particulars	As at March 31, 2019		As at March 31, 2018	
	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	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Granted during the year				
ESOP - V	10,650,000	6.00	-	-
Cancelled, surrendered or lapsed during the year				
ESOP – III	17,930	19.78	68,313	24.67
ESOP – IV	-	-	28,301	28.44
ESOP - V	-	-	-	-
Options outstanding at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP- V	10,650,000	6.00	-	-
Options exercisable at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP - V	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

35. Employee stock options plans ('ESOPs') (contd.)

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 (₹)	
	2018-19	2017-18	2018-19	2017-18
ESOP – III	0.46	1.26	10.26 - 24.99	10.26 - 54.83
ESOP – V	3.35	-	6.00	-

*considering vesting and exercise period

Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value is as below:

Particulars	March 31, 2019
Risk-free interest rate	6.90%
Expected volatility of share	50.00%
Expected life(years)	2
Weighted average fair value as on grant date (₹)	1.46

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

36. 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 ₹ 23 Lakhs (March 31, 2018: ₹ 198 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.

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19 (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
A. Change in defined benefit obligation		
Obligations at beginning of the year	22	425
Service cost	4	42
Interest cost	1	17
Benefits settled	(10)	(51)
Actuarial loss (through OCI)	3	9
Liability transferred pursuant to restructuring (refer note 30)	-	(420)
Obligations at end of the year	20	22
B. Change in plan assets		
Plan assets at beginning of the year, at fair value	18	144
Expected return on plan assets	1	6
Actuarial gain (through OCI)	-	1
Contributions	10	60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

36. Employee benefit plans (contd.)

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
	Benefits settled	(10)	(51)
	Asset transferred pursuant to restructuring (refer note 30)	-	(142)
	Plan assets at the end of the year	**19**	**18**
	Present value of defined benefit obligation at the end of the year	(20)	(22)
	Fair value of plan assets at the end of the year	19	18
C.	**Net liability recognised in the standalone balance sheet**	**(1)**	**(4)**

(₹ in Lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
D.	**Expenses recognised in the standalone statement of profit and loss:**		
	Service cost	4	42
	Interest cost (net)	-	11
	Net gratuity cost	**4**	**53**
E.	**Re-measurement gains/ (losses) in OCI**		
	Actuarial loss due to financial assumption changes	-	-
	Actuarial loss due to experience adjustments	3	9
	Actuarial gain - return on plan assets greater than discount rate	-	(1)
	Total expenses recognised through OCI	**3**	**8**
F.	**Assumptions**		
	Discount rate	7.30%	7.60%
	Expected return on plan assets	7.60%	7.00%
	Salary escalation	8.00%	8.00%
	Attrition rate	18.00%	18.00%
	Retirement age	60 years	60 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2006-08)

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
G.	**Five years pay-outs**		
	Year 1	-	3
	Year 2	3	3
	Year 3	3	3
	Year 4	3	3
	Year 5	3	3
	After 5th Year	18	20
H.	**Contribution likely to be made for the next one year**	-	3

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, 2019	As at March 31, 2018
Investment with insurer	100%	100%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans (contd.)

J. Sensitivity analysis

(₹ in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
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)	(0.48)	0.50	(0.51)	0.54
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	0.99	(0.93)	1.05	(0.91)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(0.94)	1.09	(0.90)	1.03

k. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2018: 6 years).

37. 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)

	As at March 31, 2019	As at March 31, 2018
Total equity attributable to the share holders of the Company*	71,149	74,234
Total equity as a percentage of total capital	100%	100%

*During the previous year, the Company has made preferential allotment of equity shares. Refer note 14(e).

38. Fair value hierarchy

The carrying value of financial instruments by categories is as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	6	-
Trade receivables*	842	1,364
Security deposits^	35	35
Loans and advances to employees*	4	6
	887	1,405
Cash and cash equivalents and other balances with banks		
Balance with banks	97	211
Margin money deposits	418	-
	515	211
Financial liabilities measured at amortized cost		
Employee related liabilities*	57	49
Trade payables*	268	415
Capital creditors*	1	-
Advance from related party*	2	-
Share of Loss from investment in Subex Digital LLP*	2,363	-
Drawings in excess of share of profit from Subex Assurance LLP*	235	-
	2,926	464

*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.

^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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

39. 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 from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

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, 2019	As at March 31, 2018
Trade receivables	842	1,364
Total	842	1,364

The Company evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are group entities.

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, 2019*		Year ended March 31, 2018	
	Change in interest rate	Effect on loss before exceptional items and tax expense	Change in interest rate	Effect on loss before exceptional items and tax expense
Working capital loans	-	-	+1%	54
	-	-	-1%	(54)

*The Company does not have any outstanding working capital loans throughout the year ended on March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2019

39. Financial risk management (contd.)

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)

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	97	211
	97	211

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	181-365 Days	More than 365 Days	Total
As at March 31, 2019					
Trade payables	50	218	-	-	268
Other financial liabilities	-	60	2,598	-	2,658
	50	278	2,598	-	2,926
As at March 31, 2018					
Trade payables	80	-	335	-	415
Other financial liabilities	-	49	-	-	49
	80	49	335	-	464

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 ('USD'), Singapore Dollars ('SGD'), 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, 2019 (₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	241	333	1	575
Total financial assets	241	333	1	575
Financial liabilities				
Trade payables	128	77	1	206
Total financial liabilities	128	77	1	206
Net financial assets/ (liabilities)	113	256	-	369

39. Financial risk management (contd.)

March 31, 2018 (₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	607	244	8	859
Total financial assets	607	244	8	859
Financial liabilities				
Trade payables	208	-	-	208
Total financial liabilities	208	-	-	208
Net financial assets	399	244	8	651

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 0.19%. (Previous year ended March 31, 2018: profit before exceptional items to decrease or increase respectively by 0.04%).

40. Standards issued but not yet effective

Ind AS 116 - Leases:

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Ind AS 12 - Appendix C - Uncertainty over Income Tax treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 - Employee benefits:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2019

40. Standards issued but not yet effective (contd.)

Amendment to Ind AS 12 – 'Income Taxes':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the aforementioned on its standalone financial statements.

41. 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. During the year ended March 31, 2019, the Company has voluntarily incurred an expense of ₹ 10 lakhs (March 31, 2018 : ₹ Nil) towards CSR activities.

Amount spent during the year ended March 31, 2019: (₹ in Lakhs)

	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	10	-	10

42. During the previous year, 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 was considered no longer payable and the management basis expert advice, was of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, were recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Company adjusted withholding taxes of ₹ Nil (March 31, 2018: ₹ 30 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.

43. The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2019 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.

44. Consequent to the restructuring more fully described in note 1 and note 30, the current year figures are not comparable to previous year figures.

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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

FORM AOC 1

(Information in respect of each Subsidiary to be presented with amounts in ₹ Lakhs)

Sr. No	1	2	3	4	5	6	7	8
Name of the Subsidiary	Subex (Aisa Pacific) PTE Ltd	Subex (UK) Limited	Subex Americas Inc	Subex Incorporated	Subex Technologies Ltd.***	Subex Middle East	Subex Assurance LLP	Subex Digital LLP
Reporting Period of the Subsidiary Concerned	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Reporting Currency	SGD	GBP	USD	USD	INR	AED	INR	INR
Exchange Rate as on the Last date of relevant financial year in the case of foreign subsidiaries	51.0375	90.525	69.155	69.155	1	18.8275	1	1
Share Capital/ Partners Capital	3,986	41	49,806	-	500	27	61,329	(494)
Reserve & Surplus	(3,171)	3,751	(44,659)	(3,050)	(479)	91	-	-
Total Assets	2,110	8,596	7,956	3,261	83	683	70,619	1,674
Total Liabilities	1,295	4,804	2,809	6,311	63	564	9,290	2,168
Investments	-	4,482	1	-	-	-	21,476	-
Turnover*	3,952	18,806	957	9,839	-	1,388	30,133	438
Profit/(loss) Before Taxation	119	(1,182)	155	126	(4)	48	355	(1,765)
Profit After Taxation	19	(1,660)	96	118	(4)	61	165	(1,765)
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

* Turnover Includes Intercompany Transactions

** Including % 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 & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Subex Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Subex Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 Companies Act, 2013, as amended ("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, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impact of New Standard on Revenue recognition-Ind AS 115 *(as described in note 23 of the consolidated Ind AS financial statements)*	
The Group derives its revenue primarily from sale, implementation and customization of its proprietary license and related managed/support services. Revenue from contracts with customers is recognized by the Group in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115").	We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: (i) We evaluated the design of internal controls and tested the operating effectiveness of the internal control;

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impact of New Standard on Revenue recognition-Ind AS 115 (as described in note 23 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The application of Ind AS 115 involves certain key judgements relating to identification of distinct performance obligations, determination of the transaction price, allocation of transaction price to the identified performance obligations especially to license fees, the appropriateness of the basis used to measure revenue recognized over time or at a point in time. Accordingly, revenue recognition has been identified as a key audit matter.</td><td>(ii) We performed following procedures on a sample of revenue contracts, selected on a test check basis:
• Read and identified the distinct performance obligations in these contracts and compared these performance obligations with those identified and recorded;
• Read the terms of the contracts and tested the determination of the transaction price including any variable consideration. Also, tested management's evaluation of the stand-alone selling price for each performance obligation;
• Tested the basis used by the management to measure revenue recognized over time or at a point in time as per the requirements of Ind AS 115;
(iii) Tested evidence of license delivery and customer acceptance and performed cut-off procedures; and
(iv) In respect of fixed price contracts, we assessed the efforts incurred with estimated efforts to identify significant variations and reasons and to test whether those variations have been considered in estimating the remaining efforts to complete the contract.</td></tr>
<tr><td colspan="2">Impairment assessment of Goodwill (as described in note 5 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>As at March 31, 2019, the total goodwill recognized in the consolidated balance sheet amounts to ₹ 65,882 lakhs pertaining to two cash generating units ('CGUs') ie: Revenue Management Solutions ('RMS') and Data Integrity Management ('DIM').

To assess if there is an impairment of the carrying value of the goodwill, management conducts impairment tests at CGU level to which the goodwill is allocated, annually or whenever changes in circumstances or events indicate that, the carrying amount of such goodwill may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value.

The recoverable amount of the CGU is estimated by calculating the value in use of the CGU to which goodwill is allocated, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation reports/ future business plans are reviewed and approved by the Audit Committee/Board of Directors of the Company. This is a key audit matter as the testing of goodwill impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth.</td><td>Our audit procedures include the following:
(i) We evaluated the Group's internal controls over its annual impairment assessment and key assumptions applied such as revenue growth, operating margins, discount rates and terminal growth rates;
(ii) In respect of the external valuation specialist engaged by the Group, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert;
(iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert;
(iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and
(v) We assessed the disclosures made in the financial statements.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Contingent liabilities in relation to tax litigations *(as described in note 34(b) of the consolidated Ind AS financial statements)*	
The Group has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Group is contesting these demands. Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows. The evaluation of management's judgements supported by the assessments received from external tax specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases and time for resolution have been a matter of significance during the audit.	Our audit procedures include the following: (i) We obtained an understanding and assessed the internal control environment relating to the identification, recognition and measurement of provisions for disputes and disclosures of contingent liabilities in relation to tax; (ii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management; (iii) We obtained confirmation from management's expert on ongoing litigations along with risk assessment; (iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases; (v) We involved tax specialists to review the status of tax assessments and management's position in relation to on-going disputes regarding likelihood assessment of exposure carried out by the management; (vi) We assessed the independence, objectivity and competence of the management expert; and (vii) We assessed the disclosures in the financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures and report on Corporate Governance, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of 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 statement of changes in equity of the Group in accordance with the 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. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes 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 and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) 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, 2019, taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors of the Holding Company and its Subsidiary Company is disqualified as on March 31, 2019 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 with reference to these consolidated Ind AS financial statements of the Holding Company and its Subsidiary Company incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its Subsidiary Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 consolidated financial position of the Group in consolidated Ind AS financial statements – Refer Note 34(b) to the consolidated Ind AS financial statements;

  ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019; and

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company incorporated in India during the year ended March 31, 2019.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

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")

In conjunction with our audit of the consolidated Ind AS financial statements of Subex Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Subex Limited (hereinafter referred to as the "Holding Company") and its Subsidiary Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to these consolidated Ind AS financial statements was 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 with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its Subsidiary Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary Company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2019, based on the internal control 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.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

(₹ in Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	540	656
Goodwill on consolidation	5	65,882	65,882
Other intangible assets	4	7	63
Financial assets			
Loans	6	503	439
Other balances with banks	7	420	75
Other financial assets	10	234	234
Income tax assets (net)	11	3,039	2,810
Deferred tax assets	12	624	552
Other non-current assets	13	478	537
		71,727	71,248
Current assets			
Financial assets			
Loans	6	121	134
Trade receivables	8	8,539	9,290
Cash and cash equivalents	9	3,947	3,007
Other balances with banks	7	252	295
Other financial assets	10	4,537	5,250
Other current assets	13	526	544
		17,922	18,520
Total assets		89,649	89,768
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	56,200	56,200
Other equity	15	23,210	21,745
Total equity		79,410	77,945
Liabilities			
Non-current liabilities			
Provisions	20	305	280
Deferred tax liabilities(net)	21	1,928	826
		2,233	1,106
Current liabilities			
Financial liabilities			
Borrowings	16	-	3,215
Trade payables	17		
- total outstanding dues of micro enterprises and small enterprises		7	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		827	1,331
Other financial liabilities	18	2,961	1,511
Other current liabilities	19	2,452	3,230
Provisions	20	729	712
Income tax liabilities (net)	22	1,030	718
		8,006	10,717
Total liabilities		10,239	11,823
Total equity and liabilities		89,649	89,768
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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Lakhs)

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
1	Income			
	Revenue from operations	23	34,812	32,432
	Other income	24	101	140
	Total income		34,913	32,572
2	Expenses			
	Employee benefits expense	25	19,105	17,471
	Finance costs	26	216	775
	Depreciation and amortization expense	27	483	517
	Other expenses	28	10,401	11,534
	Total expenses		30,205	30,297
3	Profit before exceptional items and tax expense (1-2)		4,708	2,275
4	Exceptional items	29	-	1,166
5	Profit before tax expense (3+4)		4,708	3,441
6	Tax expense (net):	22		
	Current tax charge/ (credit)		274	(171)
	Provision - foreign withholding taxes (net)		885	789
	MAT charge		-	53
	Deferred tax charge (net)		1,027	702
			2,186	1,373
7	Profit for the year (5-6)		2,522	2,068
8	Other comprehensive income ('OCI'), net of tax expense			
	Items that will be reclassified subsequently to profit or loss:			
	Net exchange loss on translation of foreign operations		(390)	(210)
	Items that will not be reclassified subsequently to profit or loss:			
	Re-measurement loss on defined benefit plans	36	(38)	(30)
			(428)	(240)
9	Total comprehensive income for the year attributable to equity holders of the Company (7+8)		2,094	1,828
10	Basic and diluted earnings per equity share [nominal value of share ₹ 10 (March 31, 2018 : ₹ 10)]	30	0.45	0.37
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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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, 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
Issued during the year	-	-
As at March 31, 2019	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	Total
	Equity component of compound financial instruments	Securities premium	General reserve	Employee stock options reserve	Surplus / (deficit) in the statement of profit and loss	Treasury Shares	Exchange reserve on consolidation	
As at April 1, 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)	-	-	-	-	-	-	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)
As at March 31, 2018	-	26,705	1,780	2	5,079	-	(11,821)	21,745
Add: Profit for the year	-	-	-	-	2,522	-	-	2,522
Less: Other comprehensive income	-	-	-	-	(38)	-	(390)	(428)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	(645)	-	(645)
Add: Share-based payments (refer note 35)	-	-	-	16	-	-	-	16
As at March 31, 2019	-	26,705	1,780	18	7,563	(645)	(12,211)	23,210

*In the previous year, upon repayment of FCCBs, the residual portion of equity component of compound financial instrument in relation to the same, was transferred to surplus/(deficit) in the consolidated statement of profit and loss.

**refer note 14(e) on preferential issue of equity shares.

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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Operating activities		
Profit before tax expense	4,708	3,441
Adjustments to reconcile profit/ (loss) before tax expense to net cash flows:		
Depreciation of property, plant and equipment	427	439
Amortization of intangible assets	56	78
Gain on disposal of property, plant and equipment (net)	(3)	-
Interest income (including fair value changes)	(75)	(54)
Finance costs (including fair value changes)	216	775
Provision for doubtful debts and advances (net of reversal)	459	(32)
Expense on share based payment	16	-
Amortized cost of deposits	59	50
Write-off of deposits	7	-
Foreign currency translation reserve gain on liquidation of subsidiary (exceptional item)	-	(1,166)
Write back of withholding taxes paid earlier	-	(30)
Fair value change in financial instruments	-	(62)
Net foreign exchange differences	(328)	250
Operating profit before working capital changes	5,542	3,689
Working capital adjustments:		
(Increase)/ decrease in loans	(10)	43
(Increase)/ decrease in trade receivables	554	2,943
(Increase)/ decrease in other financial assets	391	(395)
(Increase)/ decrease in other assets	27	488
Increase/ (decrease) in trade payables	(489)	(421)
Increase/ (decrease) in other financial liabilities	1,358	211
Increase/ (decrease) in other current liabilities	(844)	381
Increase/ (decrease) in provisions	(27)	52
	6,502	6,991
Income tax paid (including TDS, net of refund)	(1,044)	(1,626)
Net cash flows from operating activities	5,458	5,365
(B) Investing activities		
Purchase of property, plant and equipment	(235)	(285)
Purchase of intangible assets	-	(2)
Proceeds from sale of property, plant and equipment	11	2
Investment in margin money deposit (net)	(296)	(95)
Purchase of treasury shares by ESOP trust	(645)	-
Interest received	25	31
Net cash flows used in investing activities	(1,140)	(349)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(C) Financing activities		
Repayment of working capital loans (net)	(3,215)	(5,424)
Interest paid	(191)	(1,255)
Preferential issue of equity shares	-	7,713
Repayment of term loans	-	(7,782)
Repayment of borrowings (FCCBs)	-	(2,336)
Net cash flows used in financing activities	(3,406)	(9,084)
(D) Net decrease in cash and cash equivalents (A+B+C)	912	(4,068)
Net foreign exchange difference on cash and cash equivalents	28	(311)
Cash and cash equivalents at the beginning of the year	3,007	7,386
(E) Cash and cash equivalents at year end (refer note 9)	3,947	3,007

Explanatory notes to statement of cash flow

Reconciliation of liabilities from financing activities for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2018	Repayments / proceeds (Net)	Foreign exchange fluctuation	As at March 31, 2019
Loan repayable on demand	3,215	(3,215)	-	-
Total liabilities from financing activities	3,215	(3,215)	-	-

Reconciliation of liabilities from financing activities for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2017	Repayments / proceeds (Net)	Foreign exchange fluctuation	As at March 31, 2018
Foreign currency convertible bonds	2,277	(2,336)	59	-
Term Loans	7,782	(7,782)	-	-
Loan repayable on demand	8,590	(5,424)	49	3,215
Total liabilities from financing activities	18,649	(15,542)	108	3,215

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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
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Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

1. Corporate information

Subex Limited ("the Company" or "Subex" or "holding company" or " parent 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, 2019 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, 2019 are approved by the Board of Directors on May 13, 2019.

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, 2019	March 31, 2018
Subex Americas Inc.	Canada	100	100
Subex Inc.	United States of America	100	100
Subex (Asia Pacific) Pte. Limited	Singapore	100	100
Subex (UK) Limited *	United Kingdom	100	100
Subex Middle East, FZE *	United Arab Emirates	100	100
Subex Technologies Limited **	India	100	100
Subex Azure Holdings Inc. **	United States of America	100	100
Subex Assurance LLP ***	India	100	100
Subex Digital LLP ***	India	100	100
Subex Technologies Inc. ^	United States of America	-	-

*In the previous year 2017-18, pursuant to restructuring, the Company has transferred its investment in Subex (UK) Limited and Subex Middle East, FZE to Subex Assurance LLP. Also refer note 31.

**Represents non-operating companies.

***Incorporated/ registered in the previous year.

^ Liquidated in the previous year.

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Subex Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust is controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated. [Refer note 2(p) and note 35]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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, 2019 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).

iv. The ESOP Trust is consolidated in the standalone financial statements of the Company and the shares purchased and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Refer note 2p.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent Company.

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.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Also refer note 2(s) and note 12, note 21 & note 22.

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 holds the liability primarily for the purpose of trading.
- 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.

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.

Effective April 1,2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and /or revised accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those products or services.

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 based on 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 115, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements generally meet the criteria for considering the sale of software license, related implementation and maintain services as distinct performance obligation. For allocating the consideration, the Group has measured the revenue in respect of each distinct performance obligation of a transaction at its standalone selling price, in accordance with principles given in Ind AS 115. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the standalone selling price of undelivered components of a transaction has been allocated to the delivered components for which specific standalone selling price 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 recognized 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 as at the balance sheet date.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency. Also, refer note 23.

The application of Ind AS 115 did not have significant impact on the financial statements

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

Property, 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.

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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.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

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p. Treasury shares

The parent Company has formed Subex Employee Welfare and ESOP Benefit Trust (ESOP Trust) for providing share-based payment to its employees. The parent Company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

Own equity instruments that are purchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted with treasury shares.

q. Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds 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 projected 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'.

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 where remaining maturity of such bond correspond to expected term of defined benefit obligation.

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.

r. 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.

Effective April 1, 2018, the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

s. 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

t. 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.

u. 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.

v. 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, 2019

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost					
As at April 1, 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
Additions	288	9	-	20	317
Disposals	(41)	(2)	(11)	(2)	(56)
Exchange differences	16	-	-	-	16
As at March 31, 2019	2,015	43	2	128	2,188
Depreciation					
As at April 1, 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
Charge for the year	380	11	2	34	427
Disposals	(39)	(2)	(5)	(2)	(48)
Exchange differences	14	-	-	-	14
As at March 31, 2019	1,526	27	1	94	1,648
Net block					
As at March 31, 2018	581	18	9	48	656
As at March 31, 2019	489	16	1	34	540

4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
Cost		
As at April 1, 2017	223	223
Additions	2	2
Disposals	-	-
Exchange differences	1	1
As at March 31, 2018	226	226
Additions	-	-
Disposals	-	-
Exchange differences	10	10
As at March 31, 2019	236	236
Amortization		
As at April 1, 2017	85	85
Amortization for the year	78	78
Disposals	-	-
Exchange differences	-	-
As at March 31, 2018	163	163
Amortization for the year	56	56
Disposals	-	-
Exchange differences	10	10
As at March 31, 2019	229	229
Net block		
As at March 31, 2018	63	63
As at March 31, 2019	7	7

Note: Refer note 16 for the assets given on security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

5. Goodwill on consolidation

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Carrying value of goodwill	65,882	65,882

As at March 31, 2019, 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, which has been approved by the Board of Directors. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2019 is appropriate.

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
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 Board of Directors. An average of the range of each assumption used is mentioned below:

	As at March 31, 2019	As at March 31, 2018
Growth rate	5% to 20%	7% to 31%
Operating margins	20% to 36%	24% to 36%
Discount rate	12% to 13%	12% 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. Management believes that any reasonable possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

6. Loans

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Security deposit	503	439
Total	503	439
Current		
Unsecured, considered good		
Loans to employees	121	134
Total	121	134

7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Other bank balances (refer note 9)		
Margin money deposits [refer note 34(b)(iii)]	420	75
	420	75
Current		
Other bank balances (refer note 9)		
Margin money deposits	252	295
	252	295

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for the year ended March 31, 2019

8. Trade receivables

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	10,328	10,636
Total (a)	10,328	10,636
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(1,789)	(1,346)
Total (b)	(1,789)	(1,346)
Net Trade Receivables (a-b)	8,539	9,290

i) During the year ended March 31, 2019, ₹ 5,170 Lakhs of unbilled revenue as of April 1, 2018 has been converted to trade receivables on billing. Also, refer note 10.

ii) During the year ended March 31, 2019, the Group has written off bad debts amounting to ₹ 19 Lakhs (March 31, 2018 : ₹ 1,242 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, 2019	As at March 31, 2018
Current		
Balance with banks		
In current accounts	3,376	3,006
In EEFC accounts	158	-
Deposits with original maturity of less than 3 months	412	-
Cash on hand	1	1
A	3,947	3,007
Other balances with banks		
Margin money deposits with remaining maturity for more than 3 months and less than 12 months	252	295
	252	295
Less: Disclosed under Other balances with banks (Current) (refer note 7)	(252)	(295)
B	-	-
(A+B)	3,947	3,007
Non-current		
Other balances with banks		
Margin money deposits	420	75
	420	75
Less: Disclosed under Other balances with banks (Non-current) (refer note 7)	(420)	(75)
	-	-

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance recoverable from former directors [refer note 34(b)(iii)]	234	234
	234	234
Current		
Unbilled revenue*	4,517	5,247
Advance to employees	12	-
Interest accrued but not due on bank deposits	8	3
	4,537	5,250

*Also, refer note 8

11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Advance income-tax [net of provision for taxation ₹ 687 Lakhs (March 31, 2018: ₹ 688 Lakhs)]	3,039	2,810
	3,039	2,810

12. Deferred tax asset*

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Minimum alternative tax ('MAT') credit entitlement (refer note 22)	425	425
A	425	425
Deferred tax assets (net)		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense	(2,693)	10
Losses available for offsetting against future taxable profits	1,992	40
Provision for employee benefits and others	900	77
B	199	127
(A+B)	624	552

*Also refer note 22

13. Other assets

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Balance with statutory/ government authorities*	267	267
Advance recoverable in cash or kind		
Prepaid expenses	211	270
	478	537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

13. Other assets (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Balance with statutory/ government authorities	8	-
Advance recoverable in cash or kind		
Prepaid expenses	402	418
Advance to suppliers	23	30
Expenses incurred on behalf of customers	93	96
	526	544

*Balances represents service tax in inadvertently 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
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 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
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2017	200,000	196
Increase during the year	-	-
As at March 31, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	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, 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
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200

*includes 243,207 (March 31, 2018: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

a) Terms/ rights attached to equity shares

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

The Group had not declared any dividend during the year ended March 31, 2019 and March 31, 2018.

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.

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for the year ended March 31, 2019

14. Share capital (contd.)

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, 2019		As at March 31, 2018	
	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

As at March, 31, 2019, there is no individual shareholder or shareholder (together with PAC) holding more than 5% shares of the Company.

c) Shares reserved for issue under options (No.)

	As at March 31, 2019	As at March 31, 2018
Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 35)		
ESOP III	6,125	24,055
ESOP - V	11,200,000	-
	11,206,125	24,055

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, 2019	As at March 31, 2018
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$ 128 Million (₹ 71,593 Lakhs), an amount of US$ 36 Million (₹ 20,359 Lakhs) were mandatorily converted into equity shares on July 07, 2012]	-	89,335,462

e) During the previous 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.

f) Number of treasury shares outstanding

	As at March 31, 2019	As at March 31, 2018
Equity shares held by Subex Employee Welfare and ESOP Benefit Trust (refer note 35)	11,200,000	-

15. Other equity

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Equity component of compound financial instruments		
Balance as per last financial statements	-	205
Less: Transfer to surplus/ (deficit) in the statement of profit and loss*	-	(205)
Closing balance	-	-
Securities premium		
Balance as per last financial statements	26,705	24,501
Add: Additions on account of preferential issue of equity shares [Refer note 14(e)]	-	2,204
Closing balance	26,705	26,705
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	2	7
Less: Compensation on ESOP cancelled/lapsed during the year	-	(5)
Add : Share-based payments	16	-
Closing balance	18	2
Surplus / (deficit) in the consolidated statement of profit and loss		
Balance as per last financial statements	5,079	2,836
Add: Profit for the year	2,522	2,068
Add: Transfer from equity component of compound financial instrument*	-	205
Less: OCI - Re-measurement losses on defined benefit obligations	(38)	(30)
Closing balance	7,563	5,079
Exchange reserve on consolidation		
Balance as per last financial statements	(11,821)	(11,611)
Less: Effect of foreign exchange rate variations during the year	(390)	(1,376)
Add: On account of liquidation of foreign subsidiary (refer note 29)	-	1,166
Closing balance	(12,211)	(11,821)
Treasury Shares		
Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust**	(645)	-
Closing Balance	(645)	-

*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.

**On July 31, 2018, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme – 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust is authorised to purchase shares of the Company through secondary market for issuance to the employees of the Group under ESOP Scheme 2018. Such reacquired shares held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Also refer Note 35 for further details on ESOP scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Summary of other equity:		
Securities premium Securities premium is used to record the premium on issue of shares. The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.	26,705	26,705
General reserve This represents appropriation of profit by the Group.	1,780	1,780
Employee stock options reserve The employee stock option reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to reserves upon exercise of stock options by employees.	18	2
Surplus/ (deficit) in the consolidated statement of profit and loss Surplus/ (deficit) in the statement of profit and loss comprises of the amounts that can be distributed by the Group as dividends to its equity share holders.	7,563	5,079
Exchange reserve on consolidation The exchange differences arising on the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.	(12,211)	(11,821)
Treasury Shares Treasury shares represent own equity shares that are purchased and recognised at cost for the purpose of re-issuing to employees under ESOP scheme.	(645)	-
Total other equity	23,210	21,745

16. Borrowings

Carried at amortized cost

(₹ in Lakhs)

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

Secured loans repayable on demand is secured by primary charge on customer receivables and paripassu first charge on current assets of Subex Assurance LLP ("SA LLP"), and collateral paripassu first charge on the fixed assets of Subex Assurance LLP. Further, the loan is also guaranteed by the Company. Refer note 34(b)(iv).

Loans repayable on demand as at March 31, 2019 consisted of Pre-shipment Credit in Foreign Currency (PCFC) of ₹ Nil (March 31, 2018 ₹ 3,215 Lakhs), which carried an average interest rate of 3.49% (March 31, 2018; 3.27%).

17. Trade payables

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	7	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	827	1,331
	834	1,331

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.

*Payable to micro, small and medium enterprises (₹ in Lakhs)

Description	As at March 31, 2019	As at March 31, 2018
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	7	-
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

18. Other current financial liabilities

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current		
Employee related liabilities	2,879	1,511
Capital creditors	82	-
	2,961	1,511

19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unearned revenue	1,429	2,086
Statutory dues	1,023	1,144
	2,452	3,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

20. Provisions

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	305	280
	305	280
Current		
Provisions for employee benefits		
Gratuity [refer note 36(b)]	95	89
Leave benefits	534	523
Provision for litigations*	100	100
	729	712

*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)(iii) for further details.

21. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Deferred tax liabilities		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense	1,928	1,693
A	1,928	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)	1,928	826

22. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for tax [net of advance tax ₹ 246 Lakhs (March 31, 2018: ₹ 250 Lakhs)]	442	162
Provision for foreign taxes	426	394
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2018: ₹ 62 Lakhs)] *	162	162
	1,030	718

*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)(i) for further details.

22. Income tax liabilities (net) (contd.)

Income tax expense in the consolidated statement of profit and loss consist of the following: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Tax expense:		
Current tax (credit)/ charge	274	(171)
Provision - foreign withholding taxes(net) [refer note 22(i)]	885	789
MAT charge	-	53
Deferred tax charge (net) [refer note 22(ii)]	1,027	702
Total tax expense	2,186	1,373

Notes:

22(i) Represents provision in respect of withholding taxes deducted/deductible by the overseas 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.

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, 2019	Year ended March 31, 2018
Profit before tax	4,708	3,441
Applicable tax rates in India	34.94%	34.61%
Computed tax charge (A)	1,645	1,191
Components of tax expense:		
Provision for foreign withholding taxes (net)	885	789
Tax effect on differential overseas tax rate	(209)	(242)
Impact of non-taxable income	-	(404)
Non-recognition of deferred tax asset on losses in certain subsidiaries	291	-
Deferred tax assets recognised on certain disallowances pertaining to previous periods	(426)	-
Other adjustments	-	39
Total adjustments (B)	541	182
Total tax expense (A+B)	2,186	1,373

*In the previous year, impact of non-taxable income pertains to 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.

23. Revenue from operations*

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	3,352	3,193
Sale of services	31,460	29,239
	34,812	32,432
Disaggregation of revenue:		
Revenue by offering		
Sale of license	3,352	3,193
Implementation and customisation	8,309	7,504
Managed services	12,427	10,870
Support services	10,724	10,865
	34,812	32,432

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for the year ended March 31, 2019

23. Revenue from operations* (contd.)

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue by contract type		
Fixed price contract	12,301	10,991
Time and Material Contract	22,511	21,441
	34,812	32,432

*During the year ended March 31, 2019, the Group recognized revenue of ₹ 4,182 Lakhs arising from opening unearned revenue (gross of trade receivables of ₹ 3,034 Lakhs) as of April 1, 2018.

Refer note 32 for disaggregation of revenue by geographical segment.

Remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019, other than those contracts wherein invoicing is on time and material basis is ₹ 7,821 Lakhs. Out of the total remaining performance obligation other than contracts where invoicing is on time and material basis, the Group expects to recognize revenue of around 50% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

24. Other income

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on:		
Security deposits	45	31
Bank deposits	30	23
Miscellaneous income	23	56
Net gain on disposal of property, plant and equipment	3	-
Write back of withholding taxes paid earlier (refer note 43)	-	30
	101	140

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages *	17,445	15,674
Contribution to provident and other funds	1,129	1,023
Employee share based payments	16	-
Gratuity expense (refer note 36)	98	89
Staff welfare expenses	417	685
	19,105	17,471

*Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 40 Lakhs (March 31, 2018: ₹ 725 Lakhs).

26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest		
Foreign currency convertible bonds	-	95
Other borrowings	82	326
Other finance charges	25	21
Bank charges	109	333
	216	775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	427	439
Amortization of other intangible assets (refer note 4)	56	78
	483	517

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Cost of hardware, software and support charges	389	577
Sub-contract charges	1,829	1,549
Rent	1,922	1,767
Power and fuel	212	210
Repairs and maintenance		
Building	164	128
Others	671	646
Insurance	98	111
Communication costs	274	308
Printing and stationery	28	54
Traveling and conveyance	2,530	2,549
Rates and taxes	134	212
Advertisement and business promotion	536	418
Consultancy charges	900	950
Payments to auditors [refer note 28(i)]	177	201
Sales commission	159	153
Provision for doubtful debts (net of reversal)	459	(32)
Exchange fluctuation loss/ (gain) (net)	(171)	1,650
Directors' sitting fees (refer note 33)	60	77
Contribution towards corporate social responsibility	14	-
Loss on sale of fixed assets (net)	-	2
Miscellaneous expenses	16	4
	10,401	11,534

28 (i). Payments to the auditors *:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Statutory auditors		
As auditor		
Audit fee	104	98
Tax audit fee	2	4
In other capacity		
Other services (certification services)	7	25
Reimbursement of expenses	6	10
	119	137
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	57	62
In other capacity		
Reimbursement of expenses	1	2
	58	64
	177	201

*Payment to auditors is exclusive of goods and services tax/ service tax

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

29. Exceptional items

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Foreign currency translation reserve gain on liquidation of foreign subsidiary*	-	1,166
	-	1,166

*During the previous year ended March 31, 2018, the Company had 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 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 Parent 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, 2019	Year ended March 31, 2018
Nominal value per equity share (₹ per share)	10	10
Profit attributable to equity shareholders (₹ in Lakhs)	2,522	2,068
Weighted average number of basic equity shares (No. in Lakhs)*	5,577	5,554
Profit per share basic and diluted (₹ per share)**	0.45	0.37

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

**Employee stock options outstanding as at March 31, 2019 and as at March 31, 2018 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

31. Restructuring

During the previous year, 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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 Company is engaged in the business of software products and related services, which are monitored as a single segment by the Chief Operating Decision Maker, accordingly, these, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

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, 2019	Year ended March 31, 2018
Americas	5,603	5,322
EMEA	21,378	19,076
India	1,808	2,656
APAC and rest of the world	6,023	5,378
	34,812	32,432

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

Revenue from one customer amounting to ₹ 3,687 Lakhs accounted for more than 10% of the total revenue of the group during the year ended 31st March 2019. During the previous year ended 31st March 2018, no customer individually accounted for more than 10% of the total revenue of the group.

Non-current operating assets by geographical location are as follows**: (₹ in Lakhs)

Region	Year ended March 31, 2019	Year ended March 31, 2018
India	861	989
Outside India	164	267
Unallocated ***	65,882	65,882
Total non-current operating assets	66,907	67,138

**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

Trust that is consolidated

Subex Employee Welfare and ESOP Benefit Trust (w.e.f September 6, 2018)

Key management personnel of the Company

Anil Singhvi	Chairman (w.e.f. May 25, 2017) and Independent Director
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)
	Designated partner of Subex Assurance LLP (w.e.f. April 5, 2017)
	Designated partner of Subex Digital LLP (w.e.f. April 5, 2017)
	Employee of Subex Assurance LLP (w.e.f. November 1, 2017)

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for the year ended March 31, 2019

33. Related party transactions (contd.)

Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018) Designated partner of Subex Assurance LLP (w.e.f. November 15, 2018) Designated partner of Subex Digital LLP (w.e.f. November 15, 2018)
G V Krishnakanth	Company Secretary (w.e.f July 10, 2018)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
Surjeet Singh	Managing Director and Chief Executive Officer (Up 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)
Mehernaz Dalal	Chief Financial Officer (w.e.f June 15, 2017 to November 30, 2018)
Ganesh KV	Chief Financial Officer, Global Head - Legal and Company Secretary (Up to June 15, 2017)

ii. Transactions with the trust (₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Loan given to Subex Employee Welfare and ESOP Benefit Trust*	645	-
	645	-

iii. Details of transactions with key management personnel (₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Salary and perquisites:**		
Vinod Kumar Padmanabhan (includes remuneration from Subex Assurance LLP)***	176	54
Venkatraman G S***	31	-
G V Krishnakanth***	24	-
Mehernaz Dalal	63	44
Ashwin Chalapathy	-	45
Surjeet Singh	-	586
Ganesh KV	-	37
	294	766
Director sitting fees		
Anil Singhvi	24	28
Nisha Dutt	14	22
Poornima Prabhu	18	23
	56	73

*Loan given to Subex Employee Welfare and ESOP Benefit Trust has been reduced from other equity. Also refer note 15.

** 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.

*** During the year, the Company has granted 25 lakhs ESOPs to key management personnel under ESOP 2018 scheme, which includes options granted to designated partner/ employee of Subex Assurance LLP.

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 ₹ 7 Lakhs (March 31, 2018: ₹ 64 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Within one year	-	5
After one year but not more than five years	-	-
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 ₹ 1,915 Lakhs (March 31, 2018: ₹ 1,703 Lakhs).

b) Contingent liabilities (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Income tax demands [refer note (i)]	15,254	16,995
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	1,293	1,293
Bank guarantees (furnished to customers)	373	321
Corporate guarantee issued by Subex Limited [refer note (iv)]	4,500	8,250

i. Income tax

a) The Group has received assessment orders in respect of each of the financial years from March 31, 2002 to March 31, 2015, 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.

b) One of the subsidiary, Subex Technologies Limited, had received demand orders in relation to disallowance of subcontracting charges on non-deduction of withholding taxes pertaining to financial year ended March 31, 2008, amounting to ₹ 308,806.34 thousands under section 143(3) of Income Tax Act, 1961 and ₹ 121,408.42 thousands under section 201(1) of Income Tax Act, 1961. In the matter relating to demand u/s 143(3) of Income Tax Act, 1961, the Company had received a favourable decision from the Honorable Income Tax Appellate Tribunal in the financial year 2016-17. Subsequently, the Department of Income Tax has filed an appeal in this regard with the Honorable High Court. The matter relating to section 201(1) of Income Tax Act, 1961 is stayed in the interim by the Honorable High Court pending the hearing in respect of the matter. Based on the opinion received from the external consultants, the management is of the view that, these expenses are deductible from taxable income, and is confident that the demands raised by the Assessing Officers are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account in respect of these tax demands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

34. Commitments and contingent liabilities (contd.)

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 Company had received certain claims from two of its ex-directors for an amount of ₹ 1,293 Lakhs. The Company disputed the same as these claims are not tenable. During the current year, in respect of arbitration concerning to one of the ex-directors, the Honorable Tribunal has passed an Award directing the Company to pay a sum of ₹ 696 lakhs (including interest). The Company has filed an application before the Honorable City Civil Court, Bengaluru to set aside the Award and has also sought an interim stay in this regard. The Honorable City Civil Court, Bengaluru passed an interim order staying the Award passed by the Honorable Tribunal until disposal of the arbitral suit, subject to Company depositing a 60% bank guarantee of the award amount. The Company has deposited a bank guarantee for an amount of ₹ 418 Lakhs i.e., 60% of the award amount. During the current year, in respect of the arbitration proceedings concerning to the other ex-director, the Honorable Tribunal passed an Award directing the company to pay a sum of ₹ 770 lakhs. The Company filed a challenge application before the Honorable City Civil Court, Bengaluru to set aside the Arbitral Award which is pending. Since it is uncertain in both the matters if and what relief the Honorable City Civil Court, Bengaluru will grant, the management, basis opinion obtained from its legal counsel, 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, 2018: ₹ 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, 2018: ₹ 110 Lakhs). The aggregate amount of ₹ 234 Lakhs (March 31, 2018: ₹ 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

The Company has given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of ₹ 4,500 lakhs (March 31, 2018: ₹ 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.

The Board of Directors and the shareholders of the Company in their respective meetings held on July 31, 2018 approved "Subex Employees Stock Option Scheme – 2018" (hereinafter referred to as the "ESOP Scheme 2018" or "ESOP - V") in accordance with all the applicable provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") to be administered through Subex Employee Welfare and ESOP Benefit Trust (hereinafter referred to as the "ESOP Trust"). The ESOP Trust was registered as per provisions of Indian Trust Act, 1882 on September 6,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

35. Employee stock options plans ('ESOPs') (contd.)

2018 and is authorised to acquire upto 5% of the outstanding share capital of the Company as on March 31, 2018 through secondary market for providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Subsequently, the Nomination and Remuneration Committee of the Company in their meeting held on January 29, 2019 granted 1,06,50,000 options effective from February 05, 2019 to the eligible employees at ₹ 6/- each per share. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

Employees stock options details as on the balance sheet date are:

Particulars	2018-19		2017-18	
	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	24,055	18.24	92,368	22.97
ESOP – IV	-	-	28,301	28.44
Granted during the year				
ESOP – V	10,650,000	6.00	-	-
Cancelled, surrendered or lapsed during the year				
ESOP – III	17,930	19.78	68,313	24.67
ESOP – IV	-	-	28,301	28.44
ESOP – V	-	-	-	-
Options outstanding at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	10,650,000	6.00	-	-
Options exercisable at the end of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	-	-	-	-

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 (₹)	
	2018-19	2017-18	2018-19	2017-18
ESOP – III	0.46	1.26	10.26 - 24.99	10.26 - 54.83
ESOP – V	3.35	-	6.00	-

*considering vesting and exercise period

Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value is as below:

Particulars	March 31, 2019
Risk-free interest rate	6.90%
Expected volatility of share	50.00%
Expected life(years)	2
Weighted average fair value as on grant date (₹)	1.46

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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 ₹ 1,098 Lakhs (March 31, 2018: ₹ 1,024 Lakhs) towards Provident Fund and Pension Fund contributions (including 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.

The following tables set out the status of the gratuity plan:

Disclosure as per Ind AS 19

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
a.	Change in defined benefit obligation		
	Obligations at beginning of the year	573	484
	Service cost	98	89
	Interest cost	40	31
	Benefits settled	(102)	(64)
	Actuarial loss (through OCI)	40	32
	Currency translation adjustment	2	1
	Obligations at end of the year	651	573
b.	Change in plan assets		
	Plan assets at beginning of the year, at fair value	204	144
	Expected return on plan assets	15	10
	Actuarial gain (through OCI)	2	2
	Contributions	132	110
	Benefits settled	(102)	(62)
	Plan assets at the end of the year	251	204
	Present value of defined benefit obligation at the end of the year	(651)	(573)
	Fair value of plan assets at the end of the year	251	204
c.	Net liability recognised in the consolidated balance sheet	(400)	(369)

(₹ in Lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
d.	Expenses recognised in the consolidated statement of profit and loss:		
	Service cost	98	89
	Interest cost (net)	25	21
	Net gratuity cost	123	110
e.	Re-measurement gains/ (losses) in OCI		
	Actuarial loss due to financial assumption changes	7	(16)
	Actuarial gain due to experience adjustments	33	48
	Actuarial loss - return on plan assets greater than discount rate	(2)	(2)
	Total expenses recognised through OCI	38	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

36. Employee benefit plans (contd.)

		Year ended March 31, 2019	Year ended March 31, 2018
f.	**Assumptions**		
	Discount rate	6.70%	7.60%
	Expected return on plan assets	7.60%	7.00%
	Salary escalation*	7.30%	8.00%
	Attrition rate	18.00%	18.00%
	Retirement age	60 years	60 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2006-08)

g. Five years pay-outs

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Year 1	95	89
Year 2	96	82
Year 3	88	78
Year 4	85	73
Year 5	76	68
After 5th Year	500	458

*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, 2019	As at March 31, 2018
h.	Contribution likely to be made for the next one year	95	89
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)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
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)	(13)	15	(12)	13
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	26	(23)	23	(22)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(12)	15	(12)	13

k. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2018: 6 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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, 2019 (₹ 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	51%	71,149	46%	(2,453)	1%	(3)	43%	(2,456)
Indian subsidiaries								
Subex Technologies Limited	-	22	-	(3)	-	-	-	(3)
Subex Assurance LLP	44%	61,488	(5%)	281	5%	(20)	(4%)	261
Subex Digital LLP	(1%)	(474)	33%	(1,744)	2%	(10)	31%	(1,754)
Foreign subsidiaries								
Subex (Asia Pacific) Pte Ltd.	1%	815	-	19	(4%)	16	(1%)	35
Subex (UK) Ltd.	3%	3,793	31%	(1,660)	38%	(164)	32%	(1,824)
Subex Americas Inc.	4%	5,147	(2%)	96	15%	(64)	(1%)	32
Subex Inc.,	(2%)	(3,049)	(2%)	118	43%	(182)	1%	(64)
Subex Middle East	-	119	(1%)	61	-	(1)	(1%)	60
Total	100%	1,39,010	100%	(5,285)	100%	(428)	100%	(5,713)
Adjustments arising out of consolidation		(59,600)		7,807		-		7,807
Total		79,410		2,522		(428)		2,094

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 Middle East	-	59	-	(14)	-	1	-	(13)
Total	100%	1,50,869	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

38. Capital management

The Group's objective is to maintain a strong capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Total equity attributable to the share holders of the Company	79,410	77,945
B. Total borrowings	-	3,215
C. Total capital (A+B)	**79,410**	**81,160**
D. Total loans and borrowings as a percentage of total capital (B/C)	-	4%
E. Total equity as a percentage of total capital (A/C)	100%	96%

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)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets measured at amortized cost		
Interest accrued but not due on bank deposits*	8	3
Trade receivables*	8,539	9,290
Unbilled revenue*	4,517	5,247
Security deposits^	503	439
Loans and advances to employees*	133	134
	13,700	**15,113**
Cash and cash equivalents and other balances with banks		
Cash on hand	1	1
Balance with banks	3,946	3,006
Margin money deposits	672	370
	4,619	**3,377**
Financial liabilities measured at amortized cost		
Employee related liabilities*	2,879	1,511
Trade payables*	834	1,331
Capital creditors*	82	-
Borrowings^	-	3,215
	3,795	**6,057**

*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.

^During the previous year, the fair value of these accounts were calculated based on cash flow discounted using a lending/ borrowing rate, they were classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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) and 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)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	8,539	9,290
Unbilled revenue	4,517	5,247
Total	13,056	14,537

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 minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates for the period the Group 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 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, 2019		Year ended March 31, 2018	
	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%	(23)	+1%	(60)
	-1%	23	-1%	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

40. Financial risk management (contd.)

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's 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, 2019	As at March 31, 2018
Cash and cash equivalents	3,947	3,007
Other balances with banks	254	370
	4,201	3,377

The table below summarises 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	181-365 Days	More than 365 Days	Total
As at March 31, 2019					
Trade payables	128	706	-	-	834
Other financial liabilities	-	2,961	-	-	2,961
	128	3,667	-	-	3,795
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

iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

As at March 31, 2019 (₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	5,128	-	1,407	1,118	7,653
Cash and cash equivalents and other bank balances	1,145	-	354	229	1,729
Other financial assets	2,250	-	271	691	3,212
Total financial assets	8,523	-	2,032	2,038	12,594
Financial liabilities					
Other financial liabilities	290	3	277	551	1,121
Total financial liabilities	290	3	277	551	1,121
Net financial assets/ (liabilities)	8,233	(3)	1,755	1,487	11,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

40. Financial risk management (contd.)

As at March 31, 2018 (₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	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

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 respectivey by 0.33% (March 31, 2018, 0.17%).

41. Standards issued but not yet effective

Ind AS 116 - Leases:

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Ind AS 12 - Appendix C - Uncertainty over Income Tax treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 : Employee benefits:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

41. Standards issued but not yet effective (contd.)

Amendment to Ind AS 12 – Income Taxes:

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Group is evaluating the effect of the aforementioned on its consolidated financial statements.

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. During the year ended March 31, 2019, the Company has voluntarily incurred an expense of ₹ 14 lakhs (March 31, 2018: ₹ Nil) towards CSR activities.

Amount spent during the year ended March 31, 2019: (₹ in Lakhs)

	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	14	-	14

43. During the previous year, 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 was considered no longer payable and the management basis expert advice, was of the view that the withholding taxes paid by the Company in respect of the aforesaid interest, were recoverable from income tax department and/ or are adjustable against its other withholding taxes obligations. Accordingly, upon revision of withholding taxes returns, the Group adjusted withholding taxes of ₹ Nil (March 31, 2018: ₹ 30 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, 2019 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.

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, India
Date: May 13, 2019

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN : 06563872

Anil Singhvi
Chairman & Independent Director
DIN : 00239589

Poornima Prabhu
Independent Director
DIN: 03114937

Venkatraman G S
Chief Financial Officer

G V Krishnakanth
Company Secretary

Place: Bengaluru, India
Date: May 13, 2019

"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 25TH ANNUAL GENERAL MEETING (AGM)

Date : July 04, 2019
Venue : The "Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001
Time : 02:00 P.M

DATES OF BOOK CLOSURE

From June 28, 2019 to July 04, 2019 (both days inclusive)

BOARD MEETINGS & FINANCIAL CALENDAR

Financial year 2019-20 : April 01, 2019 to March 31, 2020

Calendar of Board Meetings to adopt the accounts

For quarter ending June 30, 2019	– 4th week of July 2019
For quarter ending September 30, 2019	– 2nd week of November 2019
For quarter ending December 31, 2019	– 2nd week of February 2020
For the year ending March 31, 2020	– 4th week of May 2020

DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2018-19.

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 2018-19 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.

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 2018-19 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2018.

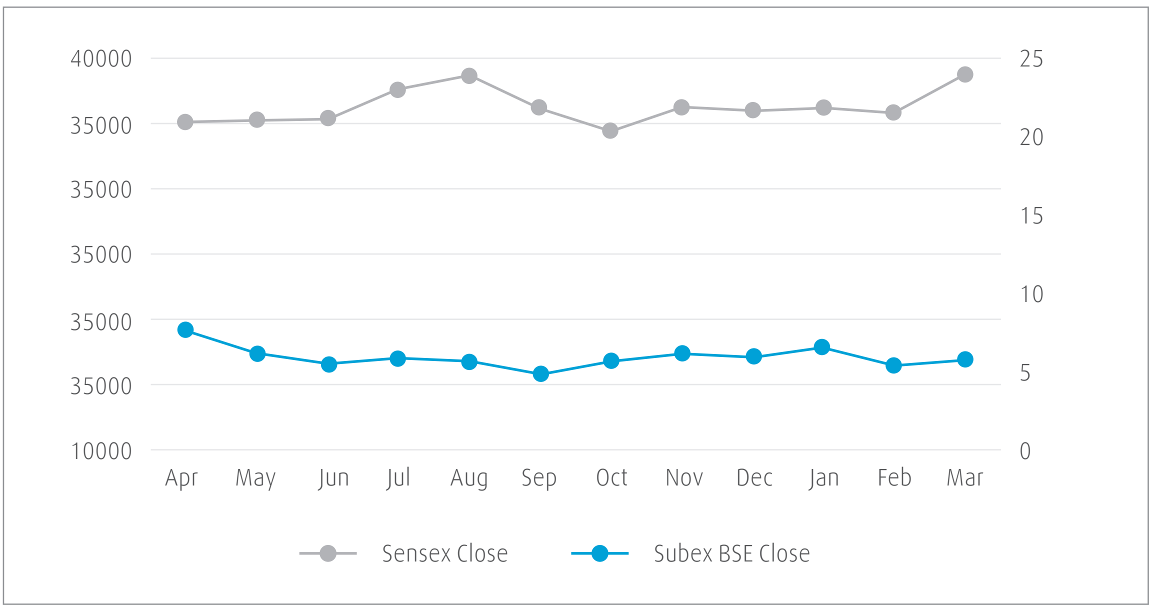
STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

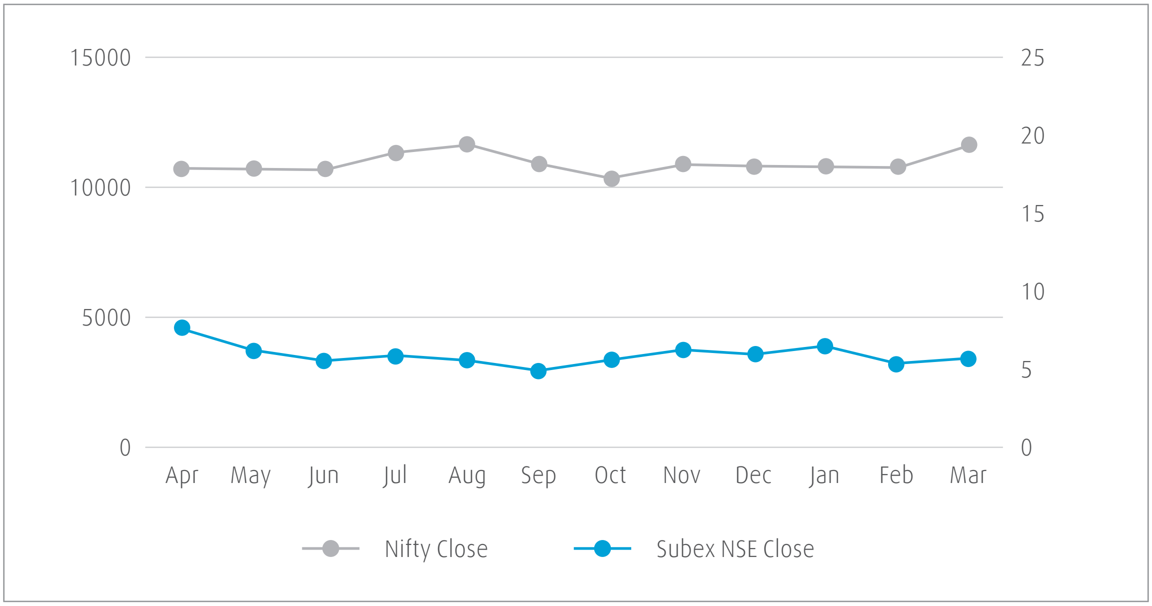
Monthly high and low quotes during each month in the financial year 2018-19 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE			BSE		
	High Price	Low Price	Number of shares traded	High Price	Low Price	Number of share straded
Apr-18	8.55	7.15	4,04,02,184	8.55	7.18	1,60,40,207
May-18	8.05	6.05	4,21,45,469	8.04	6.06	99,37,951
Jun-18	7.15	5.20	4,38,87,174	7.10	5.15	94,47,126
Jul-18	6.90	4.95	7,79,43,178	6.87	4.96	1,29,94,679
Aug-18	6.35	5.15	6,33,08,629	6.40	5.16	81,03,850
Sep-18	6.05	4.35	3,44,14,487	6.07	4.40	49,93,364
Oct-18	6.40	4.80	3,55,04,280	6.40	4.77	63,20,946
Nov-18	6.30	5.45	1,99,49,744	6.31	5.41	44,51,994
Dec-18	6.30	5.65	1,29,25,362	6.35	5.69	36,47,845
Jan-19	8.00	5.60	4,06,60,806	8.01	5.60	1,90,97,579
Feb-19	6.45	5.20	1,75,97,320	6.49	5.07	62,41,848
Mar-19	6.70	5.40	2,97,23,517	6.69	5.45	1,12,03,928

SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX

Month	BSE Sensex	Nifty 50
Apr	35,160.36	10,739.35
May	35,322.38	10,736.15
Jun	35,423.48	10,714.30
Jul	37,606.58	11,356.50
Aug	38,645.07	11,680.50
Sep	36,227.14	10,930.45
Oct	34,442.05	10,386.60
Nov	36,194.30	10,876.75
Dec	36,068.33	10,862.55
Jan	36,256.69	10,830.95
Feb	35,867.44	10,792.50
Mar	38,672.91	11,623.90





CREDIT RATING

The India Ratings and Research organisation (Ind-Ra) in their letter dated July 26, 2018 confirmed that the company's credit rating remained unchanged at 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)	WD	Affirmed and withdrawn (paid in full)
Non-fund based limits	INR180	WD	Affirmed and withdrawn (paid in full)

SHAREHOLDING PATTERN

(As per records of the RTA) *

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2019		As on March 31, 2018	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	54,503	50.51	57,792	50.73
5001 – 10000	18,334	16.99	19,670	17.27
10001 – 20000	12,193	11.30	12,783	11.22
20001 -30000	5,358	4.97	5,572	4.89
30001 – 40000	2,644	2.45	2,681	2.35
40001 – 50000	3,898	3.61	4,091	3.59
50001 – 100000	5,221	4.84	5,481	4.81
100001 and above	5,759	5.33	5,841	5.14
TOTAL	1,07,910	100	1,13,911	100

Categories of Shareholders:

Category	As on March 31, 2019			As on March 31, 2018		
	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)	106,761	79.28	445,538,458	112,577	78.66	442,070,413
Companies/ Indian Bodies Corporate	1,067	20.48	115,135,975	1,292	21.07	118,398,079
Promoter & Promoter Group	2	0.09	474,044	3	0.17	974,044
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil
ESOPs/ Employee shareholders	80	0.15	854,458	39	0.10	560,399
FII	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	107,910	100	562,002,935	113,911	100	562,002,935

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 80-23469664/65
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, 2019, 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, 2019, the outstanding GDRs were 2,43,207. There are no outstanding convertible instruments in the company.

LOCATIONS

- Broomfield, CO 80021, USA
- Harrow, Middlesex, HA1 1JU, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE

LEGAL PROCEEDINGS

There are no legal proceedings against the Company which are material in nature.

NOMINATION

Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit to the Company the prescribed Form SH 13 (in duplicate), if not already filed. Form SH 13 can be obtained with the help of M/s Canbank Computer Services Limited, the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

INVESTOR GRIEVANCES

Details of the investor grievances received from the Registrar and Transfer agent (RTA) for the period from April 01, 2018 to March 31, 2019 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	3	3
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	1	1
Total	**4**	**4**

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. G V Krishnakanth
Company Secretary & Compliance Officer
Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli,
Bengaluru – 560 103, India.
Telephone: +91 80 6659 8700 Fax: +91 80 6696 3333
Email: investorrelations@subex.com

WEBSITE

Company's website www.subex.com contains comprehensive information about the Company, products, press releases, financials and investor relations. It serves as a source of information to the shareholders by providing key information like Board of Directors and the committees, financial results, shareholding pattern, distribution of shareholding, dividend etc.

A TRISYS PRODUCT
info@trisyscom.com

SUBEX
www.subex.com

INDIA

Subex Limited
(CIN: L85110KA1994PLC016663)
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