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August 26, 2022

The Secretary  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400 001  
Fax: 022-2272 2037/2039/2041/3121  
**BSE Scrip Code: 532348**

The Secretary  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5th Floor, Plot no. C/1  
G Block, Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051  
Fax: 022-2659 8237/38; 2659 8347/48  
**NSE Symbol: SUBEXLTD**

Dear Sir/Madam,

**Sub: Notice of the 28<sup>th</sup> Annual General Meeting (“AGM”) and Annual Report 2021-22**

Pursuant to Regulation 30 & 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening the 28th AGM of the Members of Subex Limited (“the Company”) and the Annual Report for 2021-22, which is being circulated to the members through electronic mode. The 28th AGM is scheduled to be held on Monday, September 19, 2022, at 11.00 AM (IST) through Video Conference/ Other Audio-Visual Means (“VC/OAVM”). The Notice and the Annual Report will also be made available on the Company’s website at <https://www.subex.com/investors/shareholder-services/>.

**Details pertaining to AGM and e-voting:**

SL. No.	Particulars	Details
1.	Remote e-voting start date and time	Thursday, September 15, 2022, 9:00 AM (IST)
2.	Remote e-voting end date and time	Sunday, September 18, 2022, 5:00 PM (IST)
3.	Cut-off/record date for e-voting	Monday, September 12, 2022
4.	Book Closure (Register of Members) date for AGM	Tuesday, September 13, 2022 to Monday, September 19, 2022 (inclusive of both days).

Additionally, members participating in the 28th AGM are being provided the facility of e-voting at the AGM.

Kindly take the same on record.

Thanking you

**Yours truly,  
For Subex Limited**

**G V Krishnakanth  
Company Secretary & Compliance Officer**

**Encl: as above**

**Subex Limited**

CIN - L85110KA1994PLC016663

Registered Address : Pritech Park - SEZ, Block-09, 4th Floor B Wing  
Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bengaluru - 560 103. India

**SUBEX LIMITED**

(CIN: L85110KA1994PLC016663)

Regd. Office: Pritech Park – SEZ, Block – 09, 4<sup>th</sup> Floor, B Wing,  
Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bengaluru - 560103, India

Phone: +91 80 3745 1377

E-mail: [info@subex.com](mailto:info@subex.com)Website: [www.subex.com](http://www.subex.com)

## NOTICE

### OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting ("28<sup>th</sup> AGM") of the Members of Subex Limited ('the Company') will be held on Monday, September 19, 2022 at 11:00 A.M. (IST) through Video Conference/ Other Audio-Visual Means "VC/OAVM", to transact the businesses mentioned below:

The Registered Office of the Company shall be the deemed venue of the 28<sup>th</sup> AGM.

**ORDINARY BUSINESS:****1. Adoption of Financial Statements**

To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2022, and the Reports of the Board of Directors' and Auditors' thereon.

**2. Re-Appointment of Mr. Anil Singhvi as a Director liable to retire by rotation**

To re-appoint Mr. Anil Singhvi, Non-Executive & Non-Independent Director (DIN: 00239589), who retires by rotation, and being eligible, seeks re-appointment.

**SPECIAL BUSINESS:****3. Re-appointment of Ms. Poornima Prabhu as an Independent Director of the Company**

To consider and if thought fit, to pass, the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, in accordance with the provisions of the Articles of Association of the Company, approvals and recommendations of the Nomination & Remuneration Committee, and that of the Board, Ms. Poornima Prabhu (DIN: 03114937), be and is hereby re-appointed as an Independent Director of the Company and to hold office for a further period of five years with effect from July 28, 2022."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all

such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

**4. To approve requests received from Mr. Subash Menon, Mr. Sudeesh Yezhuvath and Kivar Holdings Private Limited, Persons belonging to Promoter & Promoter Group for reclassification from "Promoter/Promoter Group" category to "Public" category.**

To consider and if thought fit, to pass, with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges), the Securities and Exchange Board of India and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify the following person(s) (hereinafter individually and jointly referred to as the Promoters) from "Promoter/Promoter Group" category to "Public" category:

Name of the Promoters	No. of Equity shares held (Face value of ₹ 5/- each) as on August 8, 2022	Percentage of shareholding (%)
Mr. Subash Menon	NIL	0
Mr. Sudeesh Yezhuvath	NIL	0
Kivar Holdings Private Limited	NIL	0

RESOLVED FURTHER THAT in supersession of any provision, Promoters special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

RESOLVED FURTHER THAT the above Promoters had undertaken that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned Regulation 31A of SEBI (LODR) Regulations, 2015 post reclassification from "Promoter/Promoter Group" to "Public".

**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned Promoters, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** any of the Directors, Mr. Sumit Kumar, Chief Financial Officer and Mr. G V Krishnanth, Company Secretary & Compliance Officer of the Company, be

and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from the Securities and Exchange Board of India, BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolution."

By Order of the Board  
For Subex Limited

Anil Singhvi  
Chairman, Non-Executive &  
Non- Independent Director  
DIN: 00239589

Place: Bengaluru

Date: August 08, 2022

**NOTES:**

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the special business under Item No. 3 of the Notice of the 28<sup>th</sup> AGM ("Notice"), is annexed hereto.
2. Pursuant to General Circular No's.14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively, issued by the Ministry of Corporate Affairs ("collectively MCA Circulars") and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022, respectively, issued by the Securities & Exchange Board of India ("SEBI Circulars") and in compliance with the provisions of the Companies Act, 2013, ("The Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 28<sup>th</sup> AGM of the Company is being conducted through Video Conferencing or Other Audio Visual Means ("VC/OAVM"), which does not require physical presence of members at a common venue. The venue of the 28<sup>th</sup> AGM shall be deemed to be the Registered Office of the Company.
3. In terms of the MCA Circulars and SEBI Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 28<sup>th</sup> AGM and hence the Proxy form and attendance slip are not annexed to the Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-voting, for participation in the 28<sup>th</sup> AGM through VC/OAVM facility and e-voting during the 28<sup>th</sup> AGM. Scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the 28<sup>th</sup> AGM on its behalf and to vote through e-voting or during the 28<sup>th</sup> AGM should be sent electronically through their registered email address to the Scrutinizer at [pramod@bmpandco.com](mailto:pramod@bmpandco.com) with a copy to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [investorrelations@subex.com](mailto:investorrelations@subex.com).
4. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the MCA Circulars and the SEBI Circulars, the Company is providing remote e-voting facility to its Members in respect of the business to be transacted at the 28<sup>th</sup> AGM and a facility for those Members participating in the 28<sup>th</sup> AGM, to cast vote through e-voting system during the 28<sup>th</sup> AGM ("Insta Poll"). The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of September 12, 2022.
5. Kfin Technologies Limited ("Kfintech"), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for participation in the 28<sup>th</sup> AGM through VC/OAVM and e-voting during the 28<sup>th</sup> AGM. The procedure and instructions for participating in the 28<sup>th</sup> AGM through VC/OAVM and remote e-voting at the 28<sup>th</sup> AGM are provided as part of this Notice.
6. In line with the MCA Circulars and SEBI Circulars, the Notice of the 28<sup>th</sup> AGM will be available on the website of the Company at [www.subex.com](http://www.subex.com), on the websites of BSE Limited at [www.bseindia.com](http://www.bseindia.com), the National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and also on the website of Kfintech at <https://evoting.kfintech.com>.
7. Since the 28<sup>th</sup> AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
8. Attendance of the Members participating in the 28<sup>th</sup> AGM through VC/OVAM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. In case of joint holders attending the 28<sup>th</sup> AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
10. At the 26<sup>th</sup> Annual General Meeting of the Company held on September 25, 2020, the Members approved appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration Number 101049W/ E300004) as the Statutory Auditors of the Company to hold office from the conclusion of the said Meeting till the conclusion of the 31<sup>st</sup> Annual General Meeting. The requirement to place the matter relating to appointment of auditors for ratification by Members at every Annual General Meeting has been done away by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors.
11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available electronically for inspection by the Members from the date of the Notice up to the date of the 28<sup>th</sup> AGM i.e; September 19, 2022. Members seeking to inspect such documents can send an email to [investorrelations@subex.com](mailto:investorrelations@subex.com).
12. The certificate from the Secretarial Auditors of the Company certifying that the ESOP 2018 plan is being implemented in accordance with the Securities & Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available electronically for inspection by the Members up to the date of the 28<sup>th</sup> AGM i.e; September 19, 2022. Members seeking to inspect the document can send an email to [investorrelations@subex.com](mailto:investorrelations@subex.com).
13. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 13, 2022 to Monday, September 19, 2022 (inclusive of both days).

14. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be:-
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC Code, MICR No. and address of the bank, if not furnished earlier, to enable the Company to remit dividend to the said Bank Account directly.
15. Members are requested to notify the RTA – Kfin Technologies Limited (Formerly known as Kfin Technologies Private Limited), Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, of any change in their address(es) to enable the Company to address future communications to their correct addresses including unpaid/unclaimed dividend matters.
16. Securities and Exchange Board of India ('SEBI') vide Gazette Notification no. SEBI/LAD-NRO/GN/2022/66 dated January 24, 2022 mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, the members are advised to dematerialise their holdings.
17. SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialised form only while processing certain prescribed service requests. Accordingly, the members are requested to make service request by submitting a duly filled and signed Form No. ISR-4, the format of which is available on the Company's website at <https://www.subex.com/investors/investor-information/> and on the website of the RTA at [https://ris.kfintech.com/client-services/isc/default.aspx#isc\\_download\\_hrd](https://ris.kfintech.com/client-services/isc/default.aspx#isc_download_hrd). Members are requested to note that any service request would only be processed after KYC Compliance.
18. As per Companies (Significant Beneficial Ownership) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs a person is considered as a Significant Beneficial Owner (SBO) if he/she, whether acting alone, together or through one or more individuals or trust holds a beneficial interest of at least 10%. The beneficial interest could be in the form of a Company's shares or the right to exercise significant influence or control over the Company. If any Members holding shares in the Company on behalf of other or fulfilling the criteria, is required to give a declaration specifying the nature of his/her interest and other essential particulars in the prescribed manner and as specified in the Companies (Significant Beneficial Ownership) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs on February 08, 2019.
19. The Notice of the 28<sup>th</sup> AGM, Annual Report and instructions for e-voting are being sent only through electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s)/ RTA. However, hard copy

of full Annual Reports shall be sent those shareholders who request for the same. For members who have not registered their email addresses, please refer Clause 2 under "Instructions to shareholders for participating in the AGM through VC/ OAVM and for e-voting" to this Notice for detailed instructions for registration. To support the "Green Initiative", shareholders who have not registered their email addresses are requested to register the same with their DP's in case the shares are held in electronic form and with the RTA in case the shares are held by them in physical form.

#### 20. Investors Education and Protection Fund:

- a) Members are hereby informed that Dividends which remain unclaimed/ un-encashed over a period of seven years have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013. Below are the details of Dividend(s) paid by the Company and their respective due dates of transfer to IEPF of the Central Government if they remain un-encashed.

Date of Declaration of Dividend	Dividend for the Financial Year	Proposed Month and Year of Transfer to the Fund
01.02.2021	2020-21 (Interim)	April, 2028
17.05.2021	2020-21 (Final)	July, 2028

It may please be noted that under the provisions of Section 125(4) of the Companies Act, 2013, any person claiming to be entitled to the amount referred to under Section 125(2) may apply to authority constituted under Section 125(5) for refund of dividends from IEPF.

- b) Pursuant to Section 124(6) of Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any amendments thereto), the shares in respect of which dividend is unclaimed for a period of seven consecutive years are required to be transferred by the Company to IEPF Authority.

In view of above provisions, members are requested to kindly ensure updation of their bank details and also encash their dividend warrants.

#### 20. Unclaimed Dividends:

In view of the above mentioned regulation, the Members who are yet to encash the earlier dividend warrants are advised to send requests for duplicate dividend warrants in case they have not received/ not encashed the Dividend Warrants for any of the above mentioned financial years and/ or send for revalidation the un-encashed Dividend Warrants still held by them to the RTA of the Company.

21. Members may also note that the Notice of the 28<sup>th</sup> AGM and the Annual Report for the financial year 2021-22 will be available on Company's website under <https://www.subex.com/investors/shareholder-services/>.

22. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

- 2015, in respect of the directors seeking appointment/ re-appointment at the 28<sup>th</sup> AGM, forms part of this Notice.
23. Members who wish to get any further information as regards the items to be transacted at the AGM or any information as regards the financial statements are requested to write to Mr. G V Krishnakanth, Company Secretary & Compliance Officer at [investorrelations@subex.com](mailto:investorrelations@subex.com) at least 2 working days before the date of the 28<sup>th</sup> AGM and responses to such queries will be appropriately addressed by the Chairman of the meeting. Due to technical reasons, the length of a question may possibly be limited to a certain number of characters. However, the number of questions a member or its authorized representative can submit will not be affected thereby. The Management will decide, at its due discretion, whether and how it will answer the questions. It can summarize questions and select in the interest of the other Members, meaningful questions. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.
24. Members are requested to intimate changes, if any, about their name, postal address, e-mail address, telephone/mobile numbers, PAN, power of attorney registration, Bank Mandate details, etc., to their Depository Participant ("DP") in case the shares are held in electronic form and to the Registrar in case the shares are held in physical form, in prescribed Form No. ISR-1, quoting their folio number and enclosing the self-attested supporting document.
25. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit the PAN to the RTA, Kfintech.
26. As per the provisions of Section 72 of the Act, the facility for making a nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nominations are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form No. SH 14. Members who are either not desiring to register Nomination or would want to opt out, are requested to fill and submit Form No. ISR-3. The said forms can be downloaded from the Company's website at <https://www.subex.com/investors/investor-information/> and on the website of the RTA at <https://ris.kfintech.com/clientservices/isc/default.aspx#isc..>. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form, quoting their folio no.
26. All documents referred to in the accompanying explanatory statement are available for inspection up to the date of the Annual General Meeting on the website of the Company at the following link <https://www.subex.com/investors/>.

By Order of the Board  
For Subex Limited

Anil Singhvi  
Chairman, Non-Executive &  
Non- Independent Director  
DIN:00239589

Place: Bengaluru  
Date: August 08, 2022

**Additional Information on Directors Seeking Appointment/Re-appointment at the 28<sup>th</sup> AGM****Item No. 2: Ordinary Business - Mr. Anil Singhvi**

Mr. Anil Singhvi is the Chairman of ICAN Investments Advisors Pvt. Ltd. He has over 30 years of experience in the corporate sector, out of which 22 years were with Ambuja Cements Limited, where he rose from Manager to Managing Director and CEO. He is also the Chairman of IDFC Limited and Shree Digvijay Cement Company Limited.

He is a member of the Audit Committee, the Stakeholders Relationship Committee, the Nomination & Remuneration Committee, the CSR Committee, and the Risk Management Committee of the Board of Directors.

**Item No. 3: Special Business - Ms. Poornima Prabhu**

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

She is a member of the Audit Committee, the Stakeholders Relationship Committee and the Nomination & Remuneration Committee of the Board of Directors.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the special businesses set out in the accompanying Notice of the 28<sup>th</sup> AGM of the Members of Subex Limited.

### Item No. 3: Re-appointment of Ms. Poornima Prabhu as an Independent Director of the Company

Ms. Poornima Prabhu is an Independent Director of the Company. She was appointed as an Independent Director of the Company with effect from July 28, 2017 for a period of 5 (five) consecutive years at the 23<sup>rd</sup> Annual General Meeting of the Company held on July 28, 2017. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms. Poornima Prabhu, being eligible and offering herself for appointment, is proposed to be re-appointed as an Independent Director of the Company for a further period of 5 (five) years.

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee at its meeting held on May 09, 2022 and based on the skills, experience, knowledge and performance evaluation, re-appointed Ms. Poornima Prabhu as an Independent Director of the Company, not liable to retire by rotation, for a term of five years with effect from July 28, 2022.

The Company has received from Ms. Poornima Prabhu (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Ms. Poornima Prabhu fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her re-appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Poornima Prabhu as an Independent Director would be available for inspection on the website of the Company <https://www.subex.com/investors/shareholder-services/>.

The Board considers that her association would be of immense benefit to the Company, and it is desirable to continue to avail her services as an Independent Director.

Except Ms. Poornima Prabhu, none of the Directors or Key Managerial Personnel or their relatives are interested or concerned in the resolution.

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

The Board of Directors proposes the Special Resolution as set out at Item No. 3 of the accompanying Notice for the approval of the Members.

### Item No. 4

The Company had received requests from Mr. Subash Menon, Mr. Sudeesh Yezhuvath and Kivar Holdings Private Limited Persons belonging to Promoter/Promoter Group (hereinafter individually and jointly referred to as the Promoters) for reclassification from "Promoter/Promoter Group" category to "Public" category.

The Promoters seeking re-classification does not hold any shares or voting rights as on date in the Company.

Name of the Promoters	No. of Equity shares held (Face value of ₹ 5/- each) as on August 8, 2022	Percentage of shareholding (%)
Mr. Subash Menon	NIL	0
Mr. Sudeesh Yezhuvath	NIL	0
Kivar Holdings Private Limited	NIL	0

Pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with amendments thereto, the Board of Directors of the Company shall analyze the request, place the same before the shareholders in a general meeting for approval and apply for stock exchanges' approval subsequently.

Letters dated July 28, 2022, received vide email dated July 29, 2022 from Promoters requesting for the re-classification of their category from "Promoter/Promoter Group" of the Company to "Public" ("Request Letters") were place before the Board of Directors at its meeting held on August 8, 2022.

On the basis of the Request Letters received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of the SEBI (LODR) Regulations, 2015, the Promoters seeking reclassification have confirmed that –

- i) They, together do not hold more than ten per cent of the total Voting Rights in the Company;
- ii) They do not exercise control over the affairs of the Company directly or indirectly;
- iii) They do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) They do not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- v) They do not act as a Key Managerial Person in the Company;
- vi) They are not 'wilful defaulters' as per the Reserve Bank of India Guidelines;
- vii) They are not fugitive economic offenders.

Further, the aforesaid Promoters have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015 failing which, they shall automatically be reclassified as Promoter/ persons belonging to Promoter Group, as applicable.



The Board analyzed and noted, in accordance with Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") that the Promoters have undertaken in the Request Letters that they satisfy all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of SEBI (LODR) Regulations, as amended, and that they shall continue to comply with conditions mentioned Regulation 31A of SEBI (LODR) Regulations post reclassification from "Promoter/Promoter Group" to "Public".

The Company is in compliance with requirements of clause (c) of sub-regulation (3) of Regulation 31A of SEBI (LODR) Regulations.

None of the Directors/ KMP of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item no. 4 of this Notice. The Board hereby places the resolution set forth in Item no. 4 for the approval of the Members.

By Order of the Board  
For Subex Limited

Place: Bengaluru  
Date: August 08, 2022

Anil Singhvi  
Chairman, Non-Executive &  
Non- Independent Director  
DIN:00239589

## SUBEX LIMITED

(CIN: L85110KA1994PLC016663)

Regd. Office: Pritech Park – SEZ, Block – 09, 4<sup>th</sup> Floor, B Wing,  
Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bengaluru - 560103, India

Phone: +91 80 3745 1377

E-mail: [info@subex.com](mailto:info@subex.com)

Website: [www.subex.com](http://www.subex.com)

### ANNEXURE-A

Details of Directors as on date of the Notice, seeking appointment/re-appointment at the 28<sup>th</sup> Annual General Meeting scheduled to be held on Monday, September 19, 2022, at 11:00 AM (IST).

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015)

Name of Director	Mr. Anil Singhvi	Ms. Poornima Prabhu
DIN	00239589	03114937
Designation	Non-Executive Non-Independent Director	Non-Executive Independent Director
Date of Birth	June 30, 1959	October 08, 1975
Brief resume of Director	Mr. Anil Singhvi is the Chairman of ICAN Investments Advisors Pvt. Ltd. He has over 30 years of experience in the corporate sector, out of which 22 years were with Ambuja Cements Limited, where he rose from Manager to Managing Director and CEO. He is also the Chairman of IDFC Limited and Shree Digvijay Cement Company Limited.	Ms. Poornima Prabhu, Independent Director holds a Bachelor of Arts and a Law degree and provides her valuable advice to the Board and assists in the decision making related to the Legal and Governance aspects. She has served at Lodha Ventures Holdings Pvt Ltd., as Head – Legal and as Of Counsel at J. Sagar Associates. She has rich experience in corporate law, including mergers and acquisitions, divestment and litigation settlement.
First date of appointment	April 11, 2011	March 24, 2017
Disclosure of relationship between Directors inter-se	None	None
Expertise in specific functional area	Extensive Managerial Experience	Legal Expertise
Educational Qualification(s)	Chartered Accountant	Bachelor of Arts and L.L.B.
Number of Shares held in the Company as on March 31, 2022*	60,000 equity shares	Nil
List of the Directorships held in other Listed Companies	1. Shree Digvijay Cement Co. Ltd. 2. IDFC Limited	None
Memberships/Chairmanships of committees of other listed companies excluding foreign companies as of the date of this Notice*	<b>Chairman of Audit Committee of:</b> 1. IDFC Limited <b>Member of Stakeholders Relationship Committee of:</b> 1. IDFC Limited 2. Shree Digvijay Cement Co. Ltd.	None
Listed entities from which resigned in the past 3 (three) years	1. Deepak Fertilisers and Petrochemicals Corporation Ltd 2. Hindustan Construction Company Limited	1. Finolex Cables Limited
Number of Board Meetings attended during the year 2021-22	5 (five)	4 (four)
In case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable	Ms. Prabhu possess distinct expertise in the areas of Legal, governance and strategic planning. The Board believes that her expertise would be of immense benefit to the Company and hence chosen her reappointment.

\*Committee membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whose equity shares are listed on recognised stock exchange in India).

\* Shares held in individual capacity. The Directors do not hold any shares as beneficial owners.

## Instructions to Shareholders for participating in the AGM through VC/OAVM and for e-voting

1. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide members, the facility to exercise their right to vote on resolutions proposed to be considered at the 28<sup>th</sup> AGM by electronic means through e-voting. Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting"). Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll. The facility of casting the votes by the members using an electronic voting system for the 28<sup>th</sup> AGM will be provided by Kfin Technologies Limited ("Kfintech").

2. Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation, the Notice of the 28<sup>th</sup> AGM and the Annual Report for the year 2021-22 (including therein the Audited Financial Statements for year 2021-22), are being sent only by email to the Members whose email addresses are registered with the Company / Depositories / RTA. However, hard copy of full Annual Reports shall be sent to those shareholders who request for the same. Shareholders who have not yet registered their email addresses are requested to get their email addresses registered with their DP or RTA for electronic and Physical folios respectively.

Further, SEBI vide its Circular no. SEBI/HO/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 has introduced common and simplified norms for processing investor's service request by the RTA of the Company and mandatory norms for furnishing PAN, KYC and nomination details by holders of physical securities.

Members may follow the process detailed below for registration of email ID to obtain the annual report, updating bank account details for the receipt of unpaid/unclaimed dividend and other information as per the aforementioned SEBI Circular:

Type of Holder	Process
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company either by email to <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> or by post to address mentioned below: Kfin Technologies Limited (Formerly known as Kfin Technologies Private Limited) Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, Ph: 040-67162222, Toll Free: 1800 309 4001 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode - Form ISR-1

	Update of signature of securities holder – Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014 - Form SH-13
	Declaration to opt out – Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee - Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form - Form ISR-4
	The forms for updating the above details are available at <a href="https://www.subex.com/investors/investor-information/">https://www.subex.com/investors/investor-information/</a>

- Any service request by a holder of physical shares shall be entertained by RTA only upon registration of the PAN, Bank details and the nomination. Further, in absence of the above information on or after April 01, 2023, the folios shall be frozen by the RTA in compliance with SEBI Circular. Any request on the said folio will be undertaken only after submission of the aforementioned information. If the folios continue to remain frozen as on December 31, 2025, the frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.
- Those members who have already registered their email address are requested to keep their email addresses validated with their Depository Participants / the Company's RTA- Kfintech, to enable servicing of Notices / documents / Annual Reports and other communications electronically to their email address.
- The e-voting portal will open for voting on Thursday, September 15, 2022 from 9:00 A.M. (IST) to Sunday, September 18, 2022 till 05:00 P.M. (IST), inclusive of both days. During this period, the members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date of September 12, 2022 may cast their vote electronically. The e-voting module will be disabled by Kfintech on Sunday, September 18, 2022, post 5.00 P.M. (IST). Once vote on a resolution is cast by the member, members shall not be allowed to change it subsequently or cast the vote again.
- The Company has appointed Mr. Pramod S.M. (FCS Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries as the Scrutinizer and Mr. Biswajit Ghosh, (FCS Membership No. 8750 and Certificate of Practice No. 8239), Partner, BMP & Co., LLP, Practicing Company Secretaries, as an alternate scrutinizer to Mr. Pramod S.M., to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- A member may participate in the 28<sup>th</sup> AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the meeting.
- A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a

member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting through Insta Poll shall be treated as "INVALID".

9. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Cut-off Date only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purpose only.
10. The Scrutinizer shall unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 2 working days of the conclusion of the 28<sup>th</sup> AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
11. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.subex.com](http://www.subex.com) and on the website of Kfintech <https://evoting.kfintech.com/> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be

immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited, Mumbai.

12. In case a person has become a Member of the Company after dispatch of the Notice but on or before the cut-off date for e-voting i.e Monday, September 12, 2022 he/she may obtain the User ID and Password in the manner stated below. Institutional/ Corporate shareholders may write to Kfintech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

❖ **INSTRUCTION FOR REMOTE E-VOTING IS AS FOLLOWS:**

➤ **Step 1: Login method for Individual shareholders holding securities in demat mode is given below:**

In case you are an individual shareholder, having shares in electronic / Demat mode then please refer to the e-voting procedure according to SEBI circular dated December 09, 2020.

As per the SEBI circular dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email address in their demat accounts in order to access e-voting facility.

National Securities Depository Limited (NSDL)	Central Depository Services (India) Limited CDSL
<ol style="list-style-type: none"> <li>1. User already registered for IDeAS facility: **               <ol style="list-style-type: none"> <li>I. URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li>II. Click on the "Beneficial Owner" icon under 'IDeAS' section.</li> <li>III. On the new page, enter existing User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. User not registered for IDeAS e-Services               <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> (Select "Register Online for IDeAS") or <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>II. Proceed with completing the required fields.</li> </ol> </li> </ol> <p>** (Post registration is completed, follow the process as stated in point no.1 above)</p> <ol style="list-style-type: none"> <li>3. First time users can visit the e-Voting website directly and follow the process below:               <ol style="list-style-type: none"> <li>I. URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></li> <li>II. Click on the icon "Login" which is available under 'Shareholder/ Member' section.</li> <li>III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</li> <li>V. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Existing user who have opted for Easi / Easiest **               <ol style="list-style-type: none"> <li>I. URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Click on New System Myeasi</li> <li>III. Login with user id and password.</li> <li>IV. Option will be made available to reach e-Voting page without any further authentication.</li> <li>V. Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. User not registered for Easi/Easiest               <ol style="list-style-type: none"> <li>I. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>II. Proceed with completing the required fields.</li> </ol> </li> </ol> <p>** (Post registration is completed, follow the process as stated in point no.1 above)</p> <ol style="list-style-type: none"> <li>3. First time users can visit the e-Voting website directly and follow the process below:               <ol style="list-style-type: none"> <li>I. URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Provide demat Account Number and PAN No.</li> <li>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>IV. After successful authentication, user will be provided links for the respective Electronic Service Provider (ESP) where the e-Voting is in progress.</li> <li>V. Click on company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>

### Individual Shareholders (holding securities in demat mode) login through their depository participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Once login, you will be able to see e-voting option. Please click on e-voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.

#### Important Note:

Members who are unable to retrieve User ID/ Password are advised to use 'Forget User ID' and 'Forget Password' option available at above mentioned website.

Members facing any technical issue – NSDL	Members facing any technical issue – CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

#### Step 2: Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

- A. Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:
- Launch internet browser by typing the URL: <https://evoting.kfintech.com>
  - Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
  - After entering these details appropriately, click on "LOGIN".
  - You will now reach password change Menu wherein you are required to mandatorily change your password upon logging in for the first time. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - You need to login again with the new credentials.

- On successful login, the system will prompt you to select the "EVENT" for "Subex Limited".
- On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e September 12, 2022 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as on the Cut-off Date. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- You may then cast your vote by selecting an appropriate option and click on "Submit".
- A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at [pramod@bmpandco.com](mailto:pramod@bmpandco.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [investorrelations@subex.com](mailto:investorrelations@subex.com). The scanned image of the above mentioned documents should be in the naming format "Subex Limited\_EVENT NO."

- B. Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
- Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile

number provided with Kfintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>. Alternatively member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of Share Certificate in case of physical folio.

- ii. Members holding shares in dematerialized mode who have not registered /updated their email addresses with their Depository Participants are requested to register / update their email addresses with the Depository Participants with whom they maintain their demat accounts.
  - iii. After due verification, Kfintech will forward your login credentials to your registered email address.
  - iv. Follow all the instructions at Sr. No. 1 to 12 as mentioned in Step 2 (A) above, to cast your vote.
13. Shareholders will be provided with a facility to attend the Meeting through VC/OAVM provided by Kfintech. Shareholders may access the same by <https://emeetings.kfintech.com/> and clicking "Video Conference" and access the Shareholders/ Members login by using the remote e-voting credentials. The link for Meeting will be available in Shareholder/ Members login where the EVENT and the name of the Company can be selected. Member's who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned in point 12.
  14. The Members can join the 28<sup>th</sup> AGM 15 (fifteen) minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
  15. Up to 1000 members will be able to join the 28<sup>th</sup> AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
  16. Shareholders are encouraged to join the 28<sup>th</sup> AGM through Laptops with Google Chrome for better experience. Further shareholders will be required to switch on Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
  17. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

18. System requirements for best VC/OAVM experience:

Instrument	Description
Cell Phone	Android 6.0+ Google Chrome28+ Mozilla Firefox 24+ (Chrome doesn't bolster screen sharing on Android). iOS 12.2+ Mobile Safari/WebKit (iOS 11+) (Safari Mobile doesn't bolster screen sharing on iOS)
ioS PC/ Desktop	Google Chrome (Best suggested) Firefox, Safari, Internet Explorer, Edge Microsoft Edge 12+ Google Chrome 28+ Mozilla Firefox, 22+ Safari 11+. Desktop should have outside mic and webcam introduced

19. Voting at AGM ("Insta Poll") held through VC/OAVM:

- a. Only those members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote earlier through remote e-voting are eligible to vote through e-voting during the AGM.
- b. Members who have voted through remote e-voting will be eligible to attend the AGM.
- c. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.
- d. Upon declaration by the Chairperson about the commencement of e-voting at AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the AGM, which will take them to the 'Instapoll' page.
- e. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- f. The Company has opted to provide the same electronic voting system at the annual general meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the AGM notice are considered and voted upon at the meeting but not exceeding 30 minutes from the commencement of e-voting as declared by the Chairman at the AGM and can be used for voting only by those Members who hold shares as on the cut-off date viz. September 12, 2022 and who are attending the meeting and who have not already cast their vote(s) through remote e-voting.

20. Speaker Registration during Meeting session:

- a. Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' and mentioning their registered email id, mobile number and city, during the period starting from Thursday, September 15, 2022 at 10:00 A.M. (IST) and will close on Saturday, September 17, 2022 at 05:00 P.M. (IST). Only those members who have registered themselves as a speaker

- will be allowed to express their views/ask questions during the AGM and the maximum time per speaker will be restricted to 3 minutes.
- b. Members who want to get their pre-recorded video uploaded for display during the AGM of the Company, can also upload the same by visiting <https://emeetings.kfintech.com> and uploading their video in the 'Speaker Registration' tab, during September 15, 2022 to September 17, 2022, subject to the condition that size of such video should be less than 50 MB.
  - c. The Company reserves the right to restrict the number of speakers and display of videos uploaded by the Members depending on the availability of time for the AGM. Please note that questions of only those Members will be entertained/ considered who are holding shares of Company as on the cut-off date viz September 12, 2022.
  - d. A video guide assisting the members attending AGM either as a speaker or participant is available for quick reference at URL <https://cruat04.kfintech.com/emeetings/video/howitworks.aspx>
  - e. Members who need technical or other assistance before or during the AGM can contact Kfin by sending email at [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or Helpline: 1800 309 4001 (toll free). For any other kind of support/assistance related to the AGM, members can also contact Kfin Technologies Limited at 1800 309 4001.
  - f. Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the AGM.
21. In case of any queries related to e-voting/ participation in the AGM, you may refer to the Frequently Asked Questions (FAQ's) and e-voting user manual available in the "Downloads" section of <https://evoting.kfintech.com/> or contact Kfin Technologies Limited at 1800 309 4001 (Toll Free).

ENRICHING LIVES THROUGH  
**AI-LED DIGITAL TRUST**







# ANNUAL REPORT 2021-2022

## Forward-looking statement

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

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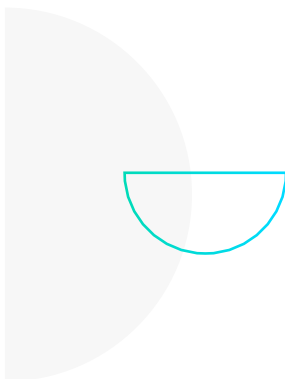
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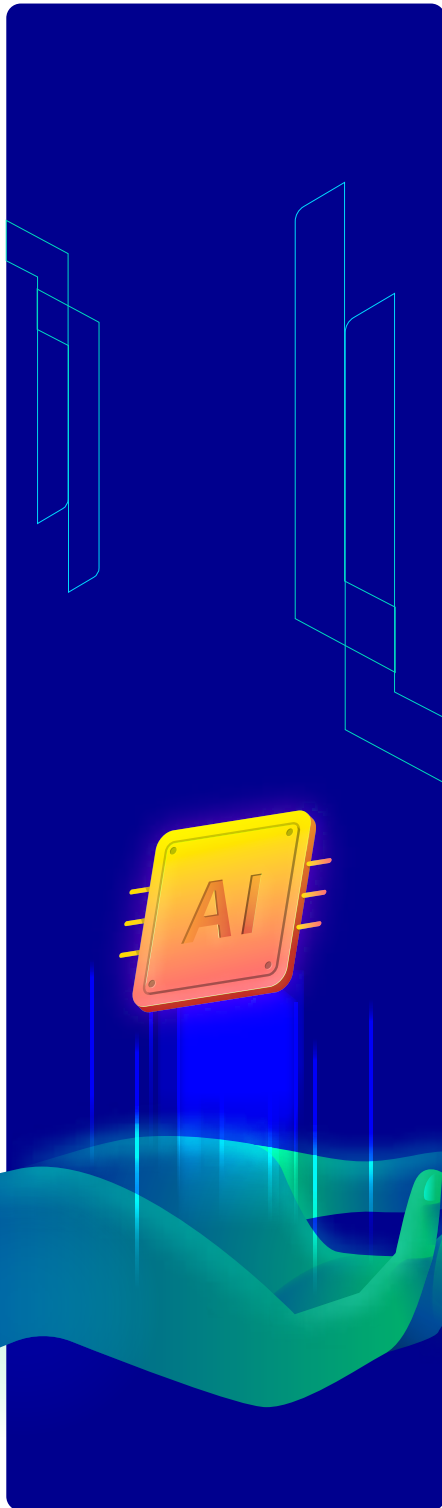
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## ENRICHING LIVES THROUGH AI-LED DIGITAL TRUST

Over the last few years, we have witnessed a digital revolution that has transformed the world at an unprecedented speed. Driven by the pandemic and a need to innovate how interactions and transactions are conducted, digital transformation is now in full force. Digitalization and the move to 'online' have penetrated more than just our daily lives but also the way organizations conduct their day today business.

Today, almost every business has moved to the online realm, and digital adoption has taken a quantum leap at both an organizational and industry level. The realization of digital transformation has opened up multiple possibilities for businesses. However, on the flip side, it has also exposed businesses to hitherto unforeseen risks. Hence, as the lines between the physical and digital worlds continue to blur, ensuring trust in every instance has become paramount.

Today, Digital Trust plays a vital role in the success of businesses within an economy that has become more reliant on connectivity, data usage, and technology. Digital Trust is the cornerstone that enables customers and businesses to interact in a secure and ethical manner for all parties involved. Ensuring trust in this ever-growing digital landscape will set successful companies apart from the rest. However, the scope of Digital Trust has evolved.

With digital transformation comes data explosion and reports indicate that over the last two years, data volumes have risen at an all-time high. Leveraging this large volume of data poses significant opportunities for enterprises to ensure sustainable growth and profitability and gain competitive advantage, provided they can make sense of this data. This is where Artificial intelligence becomes mission critical. Enterprise AI has gained immense relevance owing to the need for businesses to compete better, improve customer experience, launch new services, and meet rising customer expectations.

Due to this, Digital Trust needs to extend beyond transactions and interactions into AI products and platforms that can harness this data in a safe, secure, and ethical manner.

At Subex, this is our vision.

Subex has a legacy of handling data at scale and converting it into decisions. Being a world leader in helping organizations build Digital Trust, Subex now leverages its AI-first product suite to better the lives of millions of people directly or indirectly. This is why, today, Subex is Enriching lives through AI-led Digital Trust.



# STRATEGIC FRAMEWORK

## OUR PURPOSE

### TO UNLOCK POSSIBILITIES







-  Customers
-  Partners
-  Subexians
-  Shareholders

## GOALS

 **VIBRANT SUBEX**

 **REVENUE GROWTH**

## OUR VALUES

-  Customer Obsession
-  Commit and Make it Happen
-  Create Impact
-  Be Agile
-  Win Together
-  Continuous Learning


## OUR VISION

**ENRICHING LIVES THROUGH  
AI-LED DIGITAL TRUST**

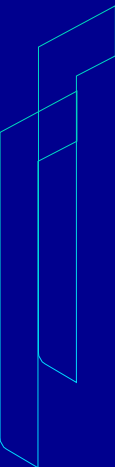
## OUR STRATEGY

 **Expand the core**

- Business Assurance
- Fraud Management
- Partner Ecosystem Management
- Network Asset Management
- Capacity Management
- HyperSense

 **Growth in New Areas**

- Sectrio
- IDcentral
- Analytics Center of Trust





## MESSAGE FROM THE CHAIRMAN



## Dear Shareholders,

Agility as one of the markers of business success, is about adapting to complex circumstances and staying resilient. Last year, Subex underwent a difficult time and despite a downturn in performance numbers, the Company with the support of the Board was able to navigate through challenges and assimilate lessons that has helped it adapt well.

Invigorated by our vision to create 100,000 citizen data scientists in the next few years, Subex has refreshed its offerings to engage its customers in innovative ways, solve emerging problems through its products and services for telecom and other industries, and grow its position as a strong player in the data and analytics space.

### A year of transformation

The past year was marked by several transformations for Subex. The Board is happy with the developments that are steering a new charter of growth for the Company.

One of the key steps this year was to kick-start the transition of Subex from a product and license-based company to a subscription-based one. It followed closely at the heels of the HyperSense launch and was a calculated decision. Today's market is run by the 'as-a-service' trend where customers prefer to buy services rather than products. This decision by Subex, supported by the Board, is spearheading the movement to a SaaS-based business and will cement Subex's relevance now and provide a sharp business advantage in the future.

The Company successfully completed the restructuring of Subex Assurance LLP to Subex Limited and moved its revenue maximization solutions around fraud management and revenue assurance to the parent company. Again, this is a tactical move to enrich shareholder value.

### Financial highlights FY22

The annual revenues stood at INR 3,334 million compared to the previous year's INR 3,720 million. EBITDA margins is at INR 351 million as against INR 985 million in FY21. Profit after tax was INR 210 million as against INR 517 million in FY21. The financial results, which have been below our expectations, are not a true reflection of our progress across the last 12 months. FY22 has been a significant year in terms of evolving our portfolio to align with our growth aspirations.

### Business update – Outlook for FY23

I am pleased to see that HyperSense is receiving strong market interest and validation. It has been mentioned in leading analyst reports within the first year of its launch. It gives me great satisfaction to see the benefits of the hard work and efforts of Subexians come to bear.

The Company has also developed a healthy product mix that cater to other industries such as FinTech and cyber security apart from focusing on its core portfolio in a bid to diversify its revenue streams. In addition, it is aggressively pursuing its vision of digital trust, and the prospects are bright. You will find more details in the latter sections of this annual report on Subex's milestones and growth journey this year.

I wish to thank all the stakeholders that have remained steadfast to the Company's goals. We look forward to continuing to deliver value to all our shareholders through strategic moves in the coming year.

*Anil Singhvi, Chairman, Non-Executive & Non-Independent Director*



*I am pleased to see that HyperSense is receiving strong market interest and validation. It has been mentioned in leading analyst reports within the first year of its launch.*

## A NOTE TO SHAREHOLDERS



*We closed the year with a strong contract backlog, and we have also received significant traction for HyperSense AI.*

### Dear Shareholders,

I hope you are all doing safe and well.

Over the last year, we have seen the world emerge from the effects of the pandemic. Today, we are beginning to see a semblance of normalcy as we see a staggered return of economic and social activities. The ill-effects of the pandemic cannot be overstated, but it did force organizations, businesses and industries to innovate and find new ways to approach the norm. We have seen digitalization take shape faster than ever before. We adopted new ways to communicate and new approaches to do business. As we come out of the lockdown and start to return to office, there are best practices we can now adopt to engage and interact better than ever before. Having said that, I am excited about travel restrictions being lifted and the possibility of meeting customers again.

For Subex, the pandemic was a learning opportunity and an exercise in resilience. It led us to rethink how we engage with customers, diversify our growth strategy, and relook at our product set. On that note, I would like to share the progress we have made across the last year, the key developments, and the outlook for what should be a very exciting FY23.

### Redefining our vision

Nothing in the last decade has catalyzed Digital Transformation in the way the pandemic did, and it opened up possibilities that businesses themselves hadn't foreseen. However, the flip side of this is the associated risks that businesses weren't yet prepared to deal with. All of this meant that businesses needed more ways to build trust in their ecosystem, in order to sustainably and profitably carry out business. This has led to the already important concept of Digital Trust to extend beyond transactions and interactions, to also permeate into AI products and platforms that handle data.

A by-product of the large-scale transformation obviously has been the multi-fold increase in data volumes that we're seeing today. While the era of Big Data got businesses accustomed to handling enormous volumes of data, the past two years forced businesses to find ways to effectively make sense of this data, using Artificial Intelligence. At Subex, our journey into the realm of Artificial Intelligence began in the last decade, and today, our portfolio comprises of numerous AI-first products that are touching the lives of millions of people directly or indirectly. In line with this, our vision statement evolved into what it is today, i.e., 'Enriching lives through AI-led Digital Trust', and this shapes the direction for the company's future in the coming years.

This vision will be brought to life by our newly launched, AI orchestration platform, HyperSense. Over the last year, we have made tremendous progress in making the promise of HyperSense a reality. With HyperSense, the promise is to put AI into the hands of business users – thereby bridging the skill gap plaguing the adoption of the technology. Hence as part of our drive to enable businesses with AI-led digital trust, we are also leveraging our expertise to help the industry create the next wave for analytics users.

## Financials

With Subex now moving itself into a pivotal position of driving AI, FY22 proved to be an evolutionary year for the company. We have transitioned from a product to a platform company and operationally shifted from a license-based model to a subscription-based model. Thereby, the year has been significant in terms of evolving our portfolio to align with our growth aspirations. The financial results, in that regard, have not been reflective of the progress made across the last 12 months. However, we closed the year with a strong contract backlog, and we have also received significant traction for HyperSense AI, which is seeing excellent traction from customers and has also received multiple accolades, as

well as recognition from the media and analyst community.

## The Growth Charter

HyperSense is a result of multiple factors: market demand for AI, the roadblocks in adoption, and our legacy of handling large volumes of data and applying it into a business context. HyperSense will solve the perennial challenge the industry has been grasping with – how to apply AI to solve business problems? We have been taking HyperSense to the market very aggressively and demonstrating that business users can now leverage AI. Customers have been seeing the value of such a platform and the feedback has been encouraging. The accolades HyperSense has received within a short period of time, in the form of awards and analyst mentions, is a strong testimony to our vision and direction. As we move forward, we are accelerating our progress in migrating all our solutions onto the platform.

We have also made good progress in our new areas of Sectrio and IDcentral. Sectrio, our security solution, now covers OT Security in addition to IoT security. This has helped us play in a significantly large and growing market and add new customers across the banking, manufacturing, transport, and mining verticals. IDcentral, with the addition of numerous customers, has also attained product-market fit, and has crossed the milestone of 1 million monthly API pulls from its customers. With the growth of the eCommerce and FinTech verticals in India and Indonesia, we see a huge potential for IDcentral in these markets.

## Future outlook

Subex is a unique organization that is structured as a corporate, but innovates at the pace of a startup. Our strategy has allowed us to meaningfully sustain our market leadership in core areas while allowing us to innovate extensively in newer growth areas. The emergence and success of incubations such as Sectrio and IDcentral is proof

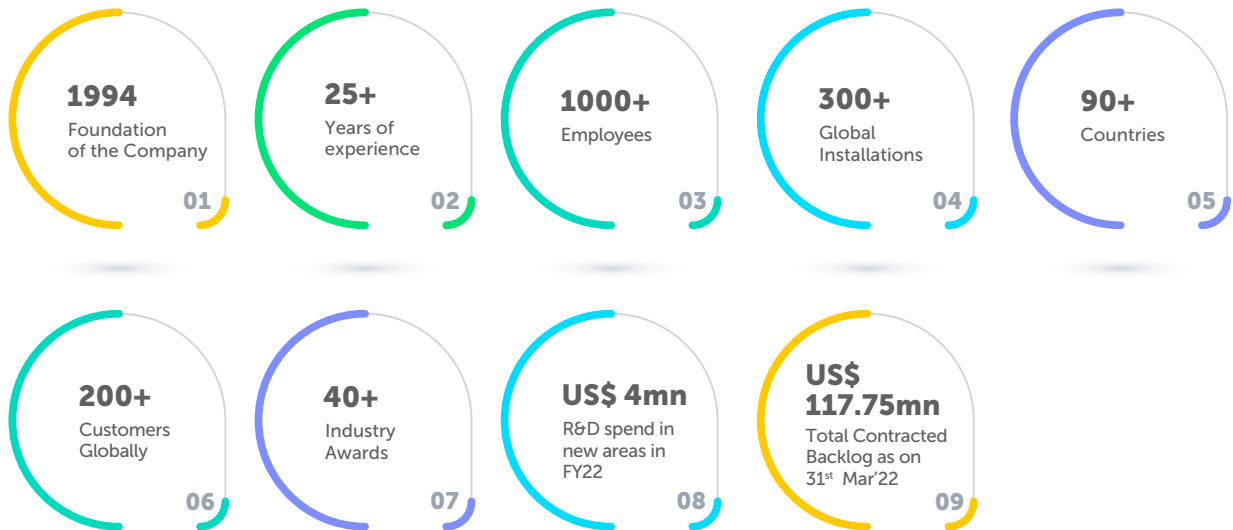
to the fact that disruption and stability can happen under the same roof, and we will continue to work with the same mindset. Our core areas of business are now greatly enhanced by HyperSense allowing us to further strengthen our market leadership. Under our newer areas, Sectrio, our security solution, which was focused on IoT security, has now evolved to cater to the needs of Operational Technology (OT) as well. Last year's focus in micro-segmenting our cyber-security offerings is bearing fruit and we have established partnerships as part of our go-to-market strategy, and we continue to win interest from clients across maritime, automotive, and O&G enterprises. Further, IDcentral, with the addition of key capabilities, has also attained product-market fit with over 1 million API pulls from its customers. I believe our strategy is very well balanced between our core and new business areas. Our near-term revenue plan is based on solid execution of core and new product portfolios.

As we enter FY23, we have a razor-sharp focus on our vision to enrich lives with AI-led Digital Trust, and we are fully geared up to execute on our strategy. As always, We're all grateful for your ongoing support and and I look forward to sharing our progress as FY23 unfolds.

Warm regards,  
**Vinod Kumar Padmanabhan**  
*Managing Director &  
 Chief Executive Officer*



## QUICK FACTS



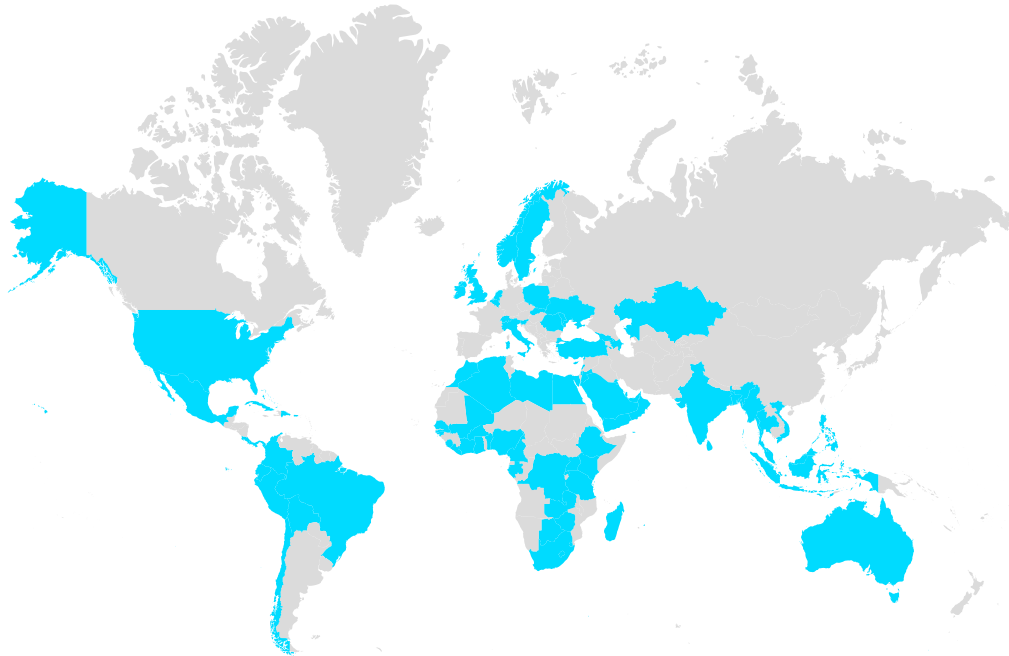
## INVESTMENT HIGHLIGHTS

- Leader in Digital Trust space and helping businesses thrive by leveraging Digital Trust as a competitive advantage
- 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 start-ups within the organization to diversify into new areas and verticals
- Sticky Revenue Model – about 60% of revenue is annuity / recurring and >98% customer retention
- Investing heavily in newer areas like Digital Trust and AI/ML, and Deep learning-based anomaly detection
- With launch of HyperSense and progress on IOT-Security and IDcentral company transitioning towards a Platform based SaaS business model
- Passionate and committed team led by CEO Vinod Kumar with clear focus to put the company on growth track
- Received significant industry validation, notably being mentions within 2 Gartner Market Guide for Hypersense








## WHERE WE OPERATE





## OUR DISTINCTIVE RESOURCES


- 1 FINANCIAL STRENGTH** 

Our financial strength gives us the ability to invest in new areas and upgrade our products in core business with latest technologies. Last year we invested \$ 4 Mn in R&D initiatives
- 2 PEOPLE** 

The commitment & make it happen attitude of 1000+ Subexians is a foundation of our business
- 3 CUSTOMERS** 

Our wide and long standing customer base is the strength of our business. We have 200+ customers in 90+ countries
- 4 OUR BRANDS** 

We are also incubating virtual startups within Subex and we own 2 brands: Sectrio & IDcentral
- 5 INNOVATION** 

The virtual startups is a testimony of continuous investment in R&D to stay at the forefront of the industry trends
- 6 PARTNERS & SUPPLIERS** 

Our partners & suppliers also form a core of our ecosystem



## OUR BUSINESS AT GLANCE

As the world emerges from the pandemic, we also witness a recovery of economic activities and a slow yet steady return of social norms. However, businesses continue to adopt and leverage best practices and key learnings from the pandemic, specifically in terms of the move to digital. The pandemic has mandated most C-suite executives to digitize their business, at least partly, as a move to protect their employees and customers and as a workaround to deal with travel restrictions. This has led to rapid progress in digital adoption.

At the same time, consumer behavior has also changed, and preferred interactions and transactions have moved to the digital realm. Recent data from McKinsey shows that businesses had vaulted five years forward in consumer and business digital adoption in around eight weeks. It is safe to say that digital services are here to stay.

Of course, with the rise of digital services and interactions, the volume of data has grown exponentially. As per IDC's recent Global DataSphere Forecast, 2021-2025, global data creation and replication will experience a compound annual growth rate (CAGR) of 23% over the forecast period, leaping to 181 zettabytes in 2025. That's up from 64.2 zettabytes of data in 2020, which, in turn, is a tenfold increase from the 6.5 zettabytes in 2012.

This data presents a massive, "gold-mine"-level opportunity for businesses looking to build better customer experiences and new revenue streams to ensure growth and profitability. It is largely acknowledged that AI presents a means to harness this opportunity, as long as businesses know how to leverage it.

However, the reality is that 70-80% of enterprises still lag in their ability to create value from data. The reasons for this gap are multifold, but the lack of AI-ready skills stands out as a critical roadblock preventing enterprises from reaping the fulling potential of AI.

As an organization handling vast volumes of data from different sources, structures, and at varying velocities for more than two decades, Subex is well poised to help businesses adopt AI and data science to make business-level decisions. With a focus on privacy, security, risk mitigation, identity, and intelligence, Subex now leverages HyperSense, coupled with its world-class software suite, to help organizations to infuse Trust into their digital ecosystems, utilizing the power of AI. Today, Subex helps drive AI-led Digital Trust across multiple dimensions including risk mitigation, identity, security, intelligence, and privacy. Subex does this by leveraging its award-winning product suite, which include Business Assurance, Fraud Management, Partner Ecosystem Management, Network Analytics, Sectrio, and IDcentral – all which are now enriched with the power of AI. Through this AI-enabled product set, Subex now helps its customers – across the telecom industry and beyond – ensure growth and profitability, while safeguarding their business and customers from threats.

Moreover, with HyperSense, Subex is on a mission to ensure businesses can truly leverage the power of AI. This vision extends toward arming the next set of users of AI and analytics, and Subex is committed to creating 100,000 citizen data scientists. To summarize, AI-led Digital Trust is the key to success in the digital era, and Subex is leading the way by enabling businesses to truly leverage the power of AI.



# PRODUCTS & SERVICES

1

## HyperSense

HyperSense is a multi-persona AI Orchestration platform that helps enterprises operationalize AI, enabling scalability and growth. With HyperSense AI, a no-code, cloud-native, and SaaS-based platform, enterprises can:

- Leverage technologies such as Machine Learning and AI across data preparation, model building and deployment, insight generation, and explanation.
- Bring data science closer to the business by democratizing AI.
- Easily organize and prepare data for AI solution building.
- Increase trust in AI using explainable AI capabilities to make data-driven decisions.

2

## Fraud Management

Subex's AI-First Fraud Management on HyperSense is an end-to-end fraud management solution that provides 360-degree protection across various service offerings.

### The solution:

- Leverages AI at every step of the fraud management process to effectively combat fraud and security risks.
- Helps fraud teams increase business coverage, accuracy, and agility through a state-of-the-art AI engine at the core.
- Is designed to build digital trust by leveraging Explainable AI capabilities that provide complete transparency on how decisions are made.
- Helps increase fraud detection and prevention by eliminating known patterns, uncovering new fraud patterns, minimizing fraud run-time, augmenting internal controls, and supporting continuous fraud management process improvements.

3

## Business Assurance

Subex's Business Assurance on HyperSense helps CSPs mitigate revenue leakages and assess and address business impacts in near real-time or proactively.

### The solution:

- Provides best-in-class bottom line protection in terms of identifying and mitigating revenue leakage.
- Identifies operational Opex chokepoints, cost inefficiencies, and opportunity losses.
- Creates a verified data store (with data health and completeness verified) to drive confident decisioning.
- Incorporates best practices based on Subex's leading industry co-creations to drive efficient operations.
- Supports top-line initiatives with analytics deployed on top of our opportunity identification layer.
- Drives a continuous and granular governance-driven auditing of systems, processes, and data.



4

## Capacity Management

Subex's Capacity Management helps CSPs optimize their network to provide the best customer experience.

### The solution:

- Provides proactive, actionable business intelligence with the power of AI/ML capabilities to ensure operators can provide customers with a superior experience.
- Leverages proprietary ML models to improve accuracy and efficiency in network planning and optimization.
- Helps network teams to make accurate decisions quickly to maximize network ROI and ensure competitive advantage.
- Provides holistic visibility across any network domain, vendor, or technology for improved decision-making.

5

## Partner Ecosystem Management

Subex's Partner Ecosystem Management is a holistic solution that offers a 360-degree view of the evolving telecom ecosystem across Mobility, Content, and Entertainment, 5G for Business Enterprise and Internet of Things.

### The solution:

- Identifies the right partners for your business and onboards them quickly through a configurable, workflow-based process to add new revenue streams.
- Leverages automation and data analytics to facilitate accurate billing and settlement to manage revenue and margins across interconnect, digital partners, enterprise and roaming.
- Facilitates transparent partnerships by allowing partners to access critical information and make informed business decisions.

6

## ACT (Analytics Center of Trust)

Subex's ACT helps organizations transform from a traditional business to a digital one through the power of data analytics.

### The solution:

- Adopts a Analytics-as-a-Service approach to provide actionable business intelligence around a plethora of cross-functional use cases.
- 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 roadmap.
- Delivers real-time insights on the shifts in trends across the spectrum through a trusted information infrastructure powered by AI/ML Capabilities.



**7 IDcentral**

IDcentral analyzes digital footprint of consumer across wide range of data sources to provide APIs for identity verification, identity scoring and identity attributes.

**The solution:**

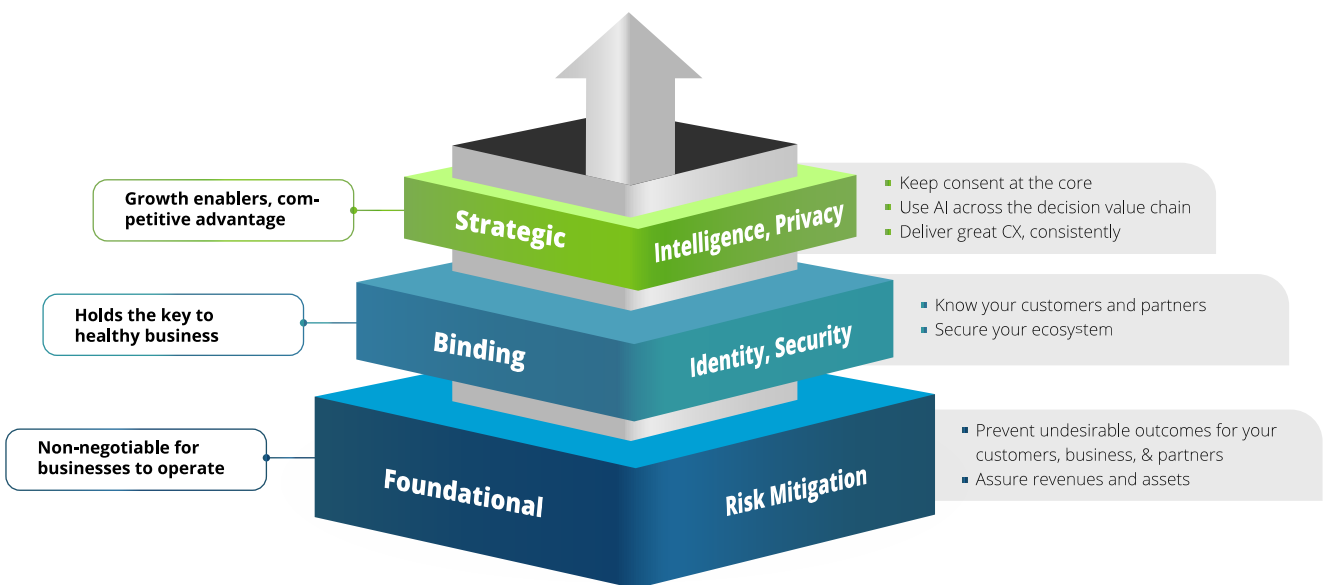
- Enables enterprises in various domains to accurately predict consumer risk and behavior.
- Helps businesses convert attributes to digital identities through its comprehensive identity repository.
- Reduces risks and improves customer experience by verifying various identity attributes like address, age, gender, name, phone number, email id, government IDs.
- Provides data-driven intelligence for a comprehensive behavioral score of consumers.

**8 Sectrio**

Sectrio agentless and non-intrusive solution:

- Discovers and maps all IT-OT and IoT devices across the network (both managed and un-managed) assesses risks and helps prioritize fixes.
- Mitigates cyber risks by applying micro-segmentation and various policies to facilitate trusted network behavior.
- Detects anomalies and threats in real-time within the network to break the attack kill chain.
- Remediate cyber attacks with automated playbooks aligned to industry frameworks.
- Offers critical infrastructure gradesecurity.

**DIGITAL TRUST**



# Chasing AI-Trust and Moving from Products to Platforms

A conversation with

Vinod Kumar Padmanabhan,  
Managing Director &  
Chief Executive Officer



*Enriching lives  
through AI-led  
digital trust' is  
Subex's touchstone  
for success.*



*Vinod Kumar, CEO of Subex, explains the striking changes Subex has undergone this past year and how these are mapping to future growth for the industry and the company.*

Data volumes are exploding across the globe. Enterprise AI gains traction as more companies seek to optimize business processes, launch services and products faster, and meet rising customer expectations. AI harnesses the power of data for actionable insights that achieve business outcomes. However, enabling trust in AI and digital interactions remains a challenge. The organizations that prove themselves to be secure, responsive, and customer-centric are the ones that will win big.

'Enriching lives through AI-led digital trust' is Subex's touchstone for success. The company has embarked on several strategic transformation programs that engender strong market differentiation, translating to substantial revenue and growth.

Mr. Vinod Kumar, MD & CEO, Subex shares how the company is pursuing its mission of digital trust through renewed solutions and a platform that has already won analyst recognition. He puts into perspective the different transformations of Subex, growth plans, and how Subexians continue to be the life force behind its progress.

### **As the world returns to normalcy, what are your views on the effect of the pandemic during FY22 and some of the lessons during the year?**

When the pandemic hit, it was a global shock disrupting everything from daily lives, operations, and revenues. The second wave hit hard in the first quarter of FY2021-22. Telcos trimmed expenditure due to budget cuts, which



*Subex has been peeling back the layers of digital trust to understand the underlying mechanisms critical to cement digital trust.*

caused a downturn for Subex revenue-wise. This was a learning opportunity in many ways, teaching us that overall performance is sometimes about learning to adapt and stay resilient. So, Subex has been focusing on diversifying its growth strategy. Last year, we rolled out some key innovations, won several awards, were recognized by top analysts, and have sharpened our edge, which are all contributing to the company's resilience.

As such, the organization realizes that the pandemic and potential future waves are something to be powered through, and we have iterated our business plan to incorporate techniques that deal with such disruption effectively.

In terms of lessons, the pandemic forced us to pivot overnight to a work-from-anywhere model that has since evolved into a hybrid working environment. We are still adjusting to the hybrid model, assessing its challenges, and devising practical ways to scale it. Alongside, we are re-examining our talent management strategy. The existing recruitment, training, and retention processes must evolve with trending working models (in-office, work-from-anywhere, and now the hybrid mode). This will be key for talent retention in the future, and we are actively refining our talent management strategies.

### **The title of this Annual Report is "Enriching lives through AI-led digital trust". What does this mean for Subex, its customer base, and the larger ecosystem?**

The pandemic rapidly accelerated the pace of digitization over the past nearly two years. At present, the industry as a whole is reaping remarkable benefits from digital transformation. This digital growth has demonstrated the tremendous capacity for technology to add value to our society, but it has also revealed how fragile these tools and people's trust in those tools can be. It has become increasingly important that the enterprises take proactive and strategic approach to build trust. So, the scope of enabling digital trust is no longer localized to just the ecosystem but extends into AI products and platforms that handle data. Without implicit trust, the effects of digitalization could be detrimental to businesses.

Subex has been peeling back the layers of digital trust to understand the underlying mechanisms critical to cement digital trust within digital ecosystems, which have been proliferating since the pandemic.

Last year, we reached a major milestone in this journey by curating a robust portfolio of solutions and platforms that



drive AI-led digital trust. Today, these are touching the lives of governments, organizations, vendors, partners, and subscribers, generating a much larger impact than we had originally envisaged. Thus, we reframed our vision in line with the pervading influence of AI on citizens and customers. The influence of AI-led trust will only grow deeper as stakeholders progress on their digitalization journeys, thereby compounding the impact of our products and platforms that are now a critical capability in the digital world. Earmarked as a highly relevant partner, Subex is staying the course in line with its vision.



*Subex's mission is to create 100,000 citizen data scientists. As business users get savvy with data science and apply it to business issues, it frees the smaller pool of qualified data scientists to focus on complicated use cases and take AI to the next level.*

### **CSPs are allocating investments to newer technologies such as 5G and IoT. How will AI help CSPs realize the full potential of these technologies?**

Even before Covid-19, the world was grappling with large amounts of data. Now, with the rapid digital shift post-pandemic, data is flooding enterprise systems and companies lack measures to handle this effectively. The key is to implement solutions that can refine the sense of these exploding datasets.

We have heard the idiom that data is the new oil. But crude oil, as such, has little use unless it is distilled and refined. In the context of data, AI is the distillation process. Data refinement materializes as meaningful insights from complex data and seamless integration of disparate datasets. For telcos specifically, even as they invest in technologies such as 5G and edge computing, they must parallelly adopt AI solutions to handle the data deluge and maximize their returns. When 4G began, there was an explosion of OTT providers and aggregators that leveraged the faster speeds to revolutionize customer experiences through the app economy. While telcos enabled it, they missed the opportunity to benefit from this huge value creation. We are seeing a similar shift where, because of 5G, there is an explosion of IoT devices and edge computing, which will further disrupt business-as-usual. This is yet another opportunity for telcos to play a significant rather than just an enabler. AI will play a central role and can help telcos become agile, innovative, and customer-centric, so they re-position themselves and take full advantage of these new technology investments.

### **With much being said about AI, how does HyperSense address the gap between the promise of AI and the ground realities that CSPs face today?**

While a lot of progress has occurred on AI adoption, the fact is that only about 15% of models being built ever make into production. This is the ground reality. There are three major reasons; AI and Data Science is hard and time consuming. Second the non-availability of good data scientists and therefore the poor supply-demand situation. Thirdly the trust gap between business and the data science team.

HyperSense plays a seminal role in addressing all these three challenges, i.e., time gap, talent gap and trust gap. Being a no-code AI orchestration platform, HyperSense breaks data siloes and democratizes enterprise data, creating healthy data pipelines. It also incorporates explainable and ethical AI and strong quality assurance processes, enabling interpretability of results. Finally, HyperSense empowers business teams to experiment iteratively and build their own AI models using several user-friendly features like drag-and-drop, pre-built use cases, a feature app store, and more. Ultimately, users derive meaningful insights that solve the challenges they very well understand.

Essentially, HyperSense incubates 'citizen data scientists'.

Subex's mission is to create 100,000 citizen data scientists. As business users get savvy with data science and apply it to business issues, it frees the smaller pool of qualified data scientists to focus on complicated use cases and take AI to the next level. Collaboration between teams becomes more straightforward, more positive, and more fruitful.



Organizations benefit by seeing top-line improvements through better customer services and bottom-line improvements through faster go-to-market.

### With the launch of HyperSense, Subex has now moved from a license-based model to a subscription model. What has the response been so far from customers?

This year, Subex underwent multiple transformations.

First, in line with the rise of the platform economy, we transitioned from a product to a platform company. Second, we shifted from a license-based model (dependent on products) to a



*Subex revamped its IoT security solution to address Operational Technology (OT) use cases and added several new features. Previously called Subex Secure, this is now rebranded into Sectrio.*

subscription-based model (enabled via our platforms). Third, we expanded our portfolio from a telecommunication vertical to a wider multi-vertical spread.

It has been an exciting year. Today, most industries prefer to consume things 'as-a-service' and are pivoting to flexi-models to offset the burden of purchasing products, allocating personnel, and managing costs for maintenance, upkeep, support, and licensing. Our customers in non-telco verticals align very well with this shift and have deftly embraced the new model. Telcos, while appreciative of the SaaS model's benefits, are slow in their adoption. But Subex's customers resonate with the ideology behind our transitions. On our part, we are aggressively pushing various go-to-market strategies to boost awareness of our subscription model's benefits.

### Subex recently announced a patent that allows for revenue maximization at the edge. Can you tell us more about it?

I had mentioned earlier how 5G and IoT would bring about seismic changes in how telcos interact with data and that AI will help operationalize new business models. One of these changes is that tremendous amounts of data will be generated at the edge, i.e., across nodes, IoT sensors, wearables, and connected devices. Hence, to convert this data into actionable insights even faster, AI models must also move to the edge in what is known as Edge AI.

Presently the workflow is this: Data travels from the edge to centralized servers (either on-premises or on cloud). Then, ML algorithms crunch it, generate results, and return insights to the edge nodes for action. Understandably, this workflow causes a lag due to certain in-built inefficiencies

such as low bandwidth, high latency, and the need for massive computing power to juggle all of this data.

Subex's patent now pushes business optimization processes to the edge so that telcos can identify and resolve problems such as revenue leakage and fraud much faster, thereby plugging losses. With telcos turning their sights on 5G and IoT, this need is only growing. Our patented revenue maximization solution is futuristic but will differentiate Subex and give us a much sharper edge to compete at the edge.

### What developments are happening in the new areas such as IDcentral and Sectrio?

Apart from the core HyperSense portfolio, Subex has two start-ups – IDcentral and Sectrio.

Subex revamped its IoT security solution to address Operational Technology (OT) use cases and added several new features. Previously called Subex Secure, this is now rebranded into Sectrio. As a division, Sectrio is gaining analyst interest and is seen as one of the top IoT and OT cybersecurity products globally. Sectrio works by discovering vulnerabilities, mitigating attacks, and remedying the damage. It is a modular industry-agnostic offering that integrates seamlessly into existing infrastructure such as industrial and manufacturing facilities. It captures the entire asset and system inventory, assesses vulnerability points, deploys continuous threat monitoring, implements standard operating procedures, and uses a prevention approach. It also leverages the MITER framework to categorize issues based on severity, allowing risk teams to resolve incidents efficiently and systematically.



Subex is aggressively pursuing through its IDcentral start-up that is industry-agnostic and taps into the API economy. Some of its top use cases are digital onboarding, AML screening, and KYC verification. As a digital identity analytics solution, IDcentral has found traction within eCommerce and FinTech within Indian and Indonesian markets. The primary offering is that it streamlines and accelerates customer onboarding in a KYC-compliant manner. In addition, product design allows extreme flexibility, so it caters to new regulations as they emerge. For instance, the Reserve Bank of India (RBI) now allows video KYC under certain conditions, and IDcentral has evolved to enable this for its users. As we advance, our objective is to increase the accuracy of the in-built technologies such as face trace, liveness detection, etc., to deliver frictionless customer experiences and accelerate customer sign-up onto new apps and platforms.

A visible trend with both these products is that it allows us to reach more clients and penetrate top-tier organizations, which validates the hard work done to mature these products for the digital space.

### What kind of market validation have you received for your AI-centric vision?

Subex is extremely proud and pleased that our platform, HyperSense, received some stellar mentions by top analysts this past financial year. It has re-positioned us as a potential strategic vendor to organizations in telecom and other verticals.

Earlier, Subex was regarded as a niche provider of revenue assurance and fraud management solutions for telcos. Upon launching the HyperSense AI portfolio, we are now viewed as much more. Gartner's 'Market Guide for Multipersona Data Science and Machine Learning

Platforms' states that multi-persona DSML platforms are critical to leverage ML and data science. Another Gartner report, specifically for telcos, titled 'Market Guide for AI in CSP Customer and Business Operations' also mentions HyperSense as a representative vendor for AI among CSPs. The report touches on the role of AI in revenue assurance and fraud management (RAFM), both of which are legacy focus areas for Subex. Hence, this Gartner mention denotes our strong capabilities within AI in solving RAFM challenges for our customers.

These two endorsements of the tangible merits of HyperSense are momentous. They are altering customer perception of Subex and generating phenomenal traction in the market and among stakeholders.

Subex has also won several awards this year. In this regard we received significant traction for HyperSense, namely winning at the Innovation in Artificial Intelligence category at the 2021 Pipeline Innovation Awards and at the AI Excellence awards, hosted by the Business Intelligence. HyperSense was also declared as a finalist at the Aegis Graham Bell awards. These awards signify the capabilities of HyperSense and its potential to help organizations in

leveraging AI for decision-making. Additionally, we also received accolades for our work within the TM Forum Catalyst program, winning awards for both our projects, i.e. 5G Digital Marketplace Phase – II, and the Measurements of Trust in AI Environment.

Overall, such market recognition is very encouraging. It is also a game-changer for us as we race ahead of our old competitors through solid differentiation.

### How have last year's developments played a role in shaping Subex for the future?

In FY 2022, Subex refined its product mix and opened itself to new markets and verticals. But it takes time and effort to execute the strategy behind the recent transformations, and we are dedicating investments to these goals. Subex is driving a culture where exceptional minds meet to deliver excellent outcomes in an environment of fun and innovation. Going by the initial market interest in our new platform, we are well on our way to becoming a fast-growing SaaS company.

Looking ahead, we will continue to



*HyperSense, received some stellar mentions by top analysts this past financial year. It has re-positioned us as a potential strategic vendor to organizations in telecom and other verticals.*

finetune our IPs, platforms, and solutions and tailor and validate industry-specific use cases to meet different customer requirements. These moves will culminate in a positive market perception as well as increased profits for investors and stakeholders. We are excited about the future prospects and are confident in our direction on this path.

### What drives your optimism about the growth strategy over the next five years at Subex?

While Subex is an established and well-regulated company, we keenly follow the successes of global start-up ecosystem. Diversification and innovation are integral to the start-up culture. So, while we sustain our focus on our diversified growth strategy, we simultaneously innovate the offerings within.

Our core areas of business are now greatly enhanced by HyperSense allowing us to further strengthen our market leadership. Under our newer areas, Sectrio, our security solution, which was focused on IoT security, has now evolved to cater to the needs of Operational Technology (OT) as well. Last year's focus in micro-segmenting our cyber-security offerings is bearing fruit and we have established partnerships as part of our go-to-market strategy, and we continue to win interest from clients across maritime, automotive, and O&G enterprises. Further, IDcentral, with the addition of key capabilities, has also attained product-market fit with over 1 million API pulls from its customers. As part of IDcentral, our focus is to develop strong partnerships with technology vendors, forums, adjacent product platforms, and more by engaging with start-up ecosystems. These partnerships will be pivotal for Subex to act as an incubator and realize the mission of creating 100,000 citizen data scientists in the near future.

I believe our strategy is very well balanced between our core and new business areas. Our near-term revenue plan is based on solid execution of core and new product portfolios.

### What will be Subex's talent acquisition strategy for FY21-22?

Culturally, Subex follows a path that rewards performance. Continuous learning was crucial in helping us weather the hard years of the past and is a central part of our talent management strategy this year. In line with this, Subex has adopted industry frameworks such as OKR and LPE. This year, we aim to scale these frameworks and establish a strong leadership pipeline to bring sustainable growth.

Having learned to deal with the workforce challenges brought on by the pandemic, Subex is moving towards the hybrid mode and helping its employees navigate the shift. This entails two things: 1) Equipping our Subexians with the right tools so they can revamp their learning and re-skill, and 2) hiring experienced talent to cater to new areas.

100% remote and 100% in-office work paradigms are not viable today. So, we are looking for 'agile' ways of working. Overall, Subex is adopting a best-practices-based approach to ensure that the hybrid model operates at the highest efficiency for our customers and productivity for our employees.

### How is Subex championing the charter for Diversity and Inclusion (D&I)? What are the main initiatives under D&I?

The overall gender ratio at Subex is at a positive 30%. Indeed, we believe that D&I is advantageous to the

organization. During our D&I analysis, we found that as one travels up the ladder, the ratio drops below the company average. This is an area where we want to focus and improve D&I gender ratio at senior levels.

### Please tell us about your team and how they stood by company values during the pandemic?

Subexians demonstrated overwhelming support for the company and their colleagues these two years. In April 2020 and for months after, there was minimal clarity on the scope of disruption and threat from the coronavirus. But Subexians followed the business continuity plan faithfully, and many of Subex's customers remarked that the transition was executed seamlessly with no disruption to their daily operations and communications.

Last year, however, the emergence of the second wave shook us deeply. Nearly 20% of our workforce were infected. It was a difficult period for Subex. Thankfully, we scaled through this period without any direct casualties. We saw an outpouring of support across the workforce, assisting those who fell ill and those who lost family members to Covid-19.

In line with the market, we are also facing increased attrition due to the 'Great Resignation', phenomenon. We have been able to manage the situation by timely back filling and with the support from our committed Subexians who stood as a strong pillar and helping the new joiners to quickly come up to speed. I am glad and thankful to all Subexians for the support extended by their presence, dedication, actions, and loyalty.



## Spelling New Growth with Future-ready Platforms

A conversation with

**Sumit Kumar**  
Chief Financial Officer

*By the quarter ending March 31,2022, marquis orders were added to our pipeline, which makes us confident that the revenue curve will ascend in FY 2023.*

It gives me great pleasure to provide my perspective on the company's performance for the first time since I joined Subex at the beginning of the calendar year. Globally, Subex is renowned for being a robust partner to the telecom ecosystem, owing to the strength of its portfolio and its customer-first approach. Hence, it is with immense pride that I have taken over the reins of CFO at Subex. It is also exciting to have joined Subex during an evolutionary period and to have a chance to witness the company weather the headwinds of last year through its solid business continuity planning.

An organization's success is not measured by its performance alone. Though the financial performance of FY 22 was below our expectations, strategically, the performance was bright and Subex crossed many milestones this year. Having launched HyperSense at the beginning of the year, this period has been significant in terms of evolving our portfolio to align with our growth aspirations. The platform has also received recognition from the media and analyst community, including two notable mentions in Gartner's Market Guide reports, and multiple industry awards during the course of the year. There were key product wins, a patent announcement, and a re-branding success. By the quarter ending March 31,2022, marquis orders were added to our pipeline, which makes us confident that the revenue curve will ascend in FY 2023.

Subex is also in the midst of transitioning from a product to a platform company, as part of a strategic move to help customers unlock the full spectrum of benefits of AI adoption. Our sub-brands of IDcentral and Sectrio are making headway in mining, manufacturing, transport, and banking industries, promising a new chapter of growth.

## Financial highlights

- Annual revenues for FY22 were INR 3,334 million compared to INR 3,720 million in FY 21.
- EBITDA for FY22 was INR 351 million compared to INR 985 million in FY21.
- Profit after tax (PAT) for FY22 was INR 210 million compared to INR 517 million for FY21.
- Diluted earnings per share is Rs 0.38 per share in FY22
- Days Sales Outstanding is at 94 days, excluding unbilled receivables.

## Restructuring from Subex Assurance to Subex Limited

As of March 31, 2022, we completed the restructuring of Subex Assurance to Subex Limited. Another exercise was the successful shift of revenue maximization solutions to the parent company. These strategic moves and consolidation will bring in internal synergy, route the business to the parent company, and heighten value for shareholders.

## Strategic highlights

- HyperSense, our most recent AI Orchestration platform, completed one year since its launch. The market response has been positive and the feedback from customers has been encouraging.
- Subex is progressing well in its transition from a traditional on-premises license and support-based revenue model to a platform-based SaaS company. We are already systematically enabling our existing customers to migrate seamlessly to the new revenue model. Feedback from customers shows that it is already instilling predictability and stability into incoming revenues, which is a positive sign for us.
- This year, Subex received massive validation by way of two analyst mentions. Gartner has validated our product in two of its Market Guide reports, placing us in the league of market leaders and giving global visibility to the HyperSense platform. We believe this will positively impact the company's valuation in the coming months.
- We continue to invest in the areas of IoT-OT-IT Security

and Identity Analytics

- With its official go-live in FY 2022, IDcentral shows hockey stick growth with nearly 1 million API calls, demonstrating user trust in the platform and very fast adoption.
- With regards to IoT and OT security, Subex Secure was re-branded as Sectrio and the line of business is now consolidated across geographies. We are trained our sights on the Indian market, starting with one of the leading nationalized banks in the country. Despite being a nascent launch, the financial metrics look healthy, and hold promise.

## Outlook for FY23

To weather the revenue challenges of last year, Subex is reigning in costs and tightening control on processes. We are optimistic about returning to our progressive pre-pandemic EBITDA and revenue profile, especially given the rapid recognition, spate of awards, global visibility, and clear metrics denoting quick adoption and market interest in our existing and newly launched platforms, brands, and services.



## A New Charter of Growth through AI Trust

A conversation with

**Suresh Chintada,**  
Chief Technology Officer

*Subex has actualized several initiatives that allow organizations to leverage cloud, 5G, big data, security and analytics to unify operations, optimize costs, maximize revenue and enable faster and better decision-making.*

Subex has been cementing its position in the market by aggressively renewing its products to keep pace with technology changes, as every business should. With the launch of IDcentral and HyperSense, Subex has widened its play into areas like digital identity, and 'Enterprise AI'.

As part of its vision to enrich lives through AI-driven trust, Subex has actualized several initiatives that allow organizations to leverage cloud, 5G, big data, security and analytics to unify operations, optimize costs, maximize revenue, and enable faster and better decision-making.

Our CTO, Suresh Chintada, shares the journey's milestones in FY 2021-22. He highlights why Subex remains a trusted partner for telecom operators and outlines the new charter for growth. Here are the excerpts:

*Subex is known for being at the forefront of technological innovation while keeping AI at the core. From a technology standpoint, what have been the key developments at Subex this past year?*

Subex has an industry legacy of working with communication service providers (CSPs) to help them transform numerous business functions across revenue assurance, fraud management, network planning, etc. Given our deep expertise working with troves of telecom data, we have constantly been innovating our technology pipeline to churn out stellar solutions coupled with consulting and professional services that assist our clients in addressing key business challenges.

In the past few years, we have witnessed tremendous technological innovations in cloud, 5G, IoT Security and platformization of enterprise applications. In line with this, we have renewed our approach to problem-solving. For example, we implemented a tactical shift from a product and license-based software products to

a subscription-based ownership model last year. We launched HyperSense, our proprietary AI Orchestration platform that revolutionizes how CSPs/DSPs unlock value from data for powerful, AI driven business insights delivered at a user's fingertips.

Since the launch of HyperSense, the focus has been to shore up the platform's capabilities by designing and refining features to support a variety of data sources & formats, simplify and accelerate how users build and experience the solutions, fortify AI/ML with explainable AI, MLOps, and AutoML, all built on microservices architecture to accelerate adoption and to keep the upgrades current. We also hosted several pre-built use cases onto the platform, available in an app store format, so companies can plug-and-play solutions for their immediate requirements. This is an ongoing program, and as we discover emerging business problems, we will continue pushing our solutions onto HyperSense as part of our go-to-market strategy.

Critically, all the under-the-hood technologies and platform innovations are orchestrated, that will empower companies to solve their problems independently. We believe, it helps to strengthen user confidence in ML models and is in sync with our vision of enriching lives through AI-led digital trust.

*The launch of HyperSense represented the strategic shift for the company towards the platform space vis-à-vis the products space. What are some of the key learnings for Subex during this journey, and what are the successes?*

Transitioning to a new model comes with its challenges, but we executed this successfully. We undertook focused programs to educate our customers on how the new subscription model, vis-à-vis the previous license model, would help them do more with less.

Our overarching aim with HyperSense is to enable our clients to unlock value in shorter cycles and make better decisions using their existing data pools

*Our overarching aim with HyperSense is to enable our clients to unlock value in shorter cycles and make better decisions using their existing data pools in a secure, scalable, and affordable way.*

in a secure, scalable, and affordable way. In this context, HyperSense is unique because it is designed, first and foremost, as a platform that delivers value. Feedback from our customers and analysts reveals that they resonate with this objective and are very much in sync with the gap that HyperSense bridges and its tangible outcomes of faster time to value.

Over the past year, we articulated the different value drivers for our customers, be it cost optimization, pre-built use cases, no-code automation, etc. We assembled a 'Technology Solutions Team' to assist customers in migrating to HyperSense and integrating it with on-premises enterprise systems, so adoption is seamless. We augmented the platform with several learning tools delivered in self-serve and guided formats via the HyperSense Academy so organizations can train their employees and develop the skills needed to use HyperSense and get greater RoI. We also gained certifications on Azure and Google Cloud Platform.

It pleases me to share some of our successes. In what is one of the most significant milestones last year, we

received two noteworthy Gartner mentions regarding HyperSense. One is in the Gartner Market Guide for Multipersona Data Science and Machine Learning Platforms (DSML) where Subex is listed as a representative vendor, through HyperSense. The report recommends that data and analytics leaders should leverage trends of augmentation and democratization by encouraging the use of multipersona DSML. This recognition comes on the heels of being named a representative vendor in 2022 Gartner Market Guide on AI in CSP Customer and Business Operations through HyperSense, which is mentioned along with other machine learning platforms, confirming that we compete strongly among industry echelons.

Subex also won two TM Forum Catalyst Awards in 2021 – one for 'Measurement of Trust in AI Environment' and another for its '5G Digital Marketplace Phase 2' for its capacity planning solution. TM Forum's Catalyst Awards recognize the leading global companies for their outstanding proof-of-concept solutions to challenges facing communications service providers and their technology partners.

*Mr. Vinod Kumar, CEO of Subex, spoke about creating 100,000 citizen data scientists. How is Subex working with organizations and colleges to realize this goal?*

There are several obstacles in the way of scalable enterprise AI adoption. One of them is finding qualified data scientists, with some reports estimating a dearth of 250,000 in 2020 alone.

Subex set a goal to empower 100,000 business users with the right skills and tools to use HyperSense AI, in effect replenishing an organization's talent pool with citizen data scientists who can learn to create and use ML models through our no-code AI platform. As AI evolves, so should the user community, and this is one of the many ways Subex is bringing innovation to the industry. Interested users can visit the Subex website to get a demo of HyperSense and subscribe for a free trial. They can also avail of certifications and speak to

our technology solutions experts to chart their path forward.

We are also in the process of working with few key colleges and universities to explore opportunities to create certifications. The nature of today's market is such that, more than education, the industry needs talent that is qualified in skills. Thus, engaging students with analytical mindsets and an avid interest in data science will become possible through our trainings and certifications.

*How has Subex furthered its work in the blockchain space? Are there any key developments that you'd like to share?*

Blockchain continues to be an exciting space for us at Subex, especially as part of our Innovation Labs. This year, Subex is leading a TMForum Catalyst program that focuses on using blockchain to solve a significant problem for telcos. We are also working with a Tier 1 customer based in the Middle East as part of our Joint Innovation Labs initiative to enhance their existing blockchain solution in Partner Ecosystem Management.

*Over the last year, Subex has been engaging and co-creating significantly within multiple forums. Could you elaborate on this and how Subex is helping define new standards for the ecosystem?*

Subex has a history of engaging and contributing to Industry forums to really enable our customers and the community with innovations in the telco data analytics space. Here, I would like to spotlight on key engagements with couple of industry forums. We are very proud of the work we do with TMForum, which is being recognized globally as well. Subex is the leading contributor to TM Forum's Margin Assurance Guidebook released this year (GB1004B: TM Forum Guidebook Business Assurance Transformation - Margin Assurance).

Subex also sponsored and drove the Risk & Assurance Group's (RAG) Digital Trust Survey 2021, one of the biggest and most comprehensive industry

surveys to date in the areas of business assurance, fraud management, and cyber security. The survey delivers powerful insights on RAFM trends in telecom across the globe.

As an active member of these industry forums, Subex is taking steps to collaborate in defining new industry standards on how telcos can adopt technology ethically and profitably and remain relevant in the digital era.

*You mentioned the work Subex is doing around AI trust, which is also part of Subex's vision statement. How important is the concept of trust when it comes to accelerating the adoption of AI?*

Earlier, I had touched upon the challenge of talent scarcity when adopting AI. Apart from this, one of the alarming issues that stymie AI adoption is that organizations don't really trust AI systems. Famous examples highlight why: Amazon's AI recruiting tool demonstrated gender bias in the candidates selected. Microsoft's Twitter bot, Tay, began to overlay racial slurs in its conversations with users. The underlying reason for these failures is that companies often do not understand and cannot see what the model is doing. AI models are opaque, black box entities that do not give decision-makers insights into why they should choose one recommendation over the other. Logic is often masked, leaving users unsure whether they can trust the results. All of these breeds apprehension in scaling AI across the enterprise.

HyperSense frees users from these constraints by bringing in AI explainability whereby models and their logic are exposed, so users can see why the model presents the final results. It also allows for faster feedback cycles and iterations so the model can be tuned many times over for superior accuracy and ethical results.

These two criteria – explainability and de-biasing – are paramount to building enterprise trust in AI models and scaling adoption, and this is precisely what HyperSense provides in a no-code

user-friendly manner.

*What are some of the key industry partnerships that Subex has established in FY 2021-22?*

It has been an exciting journey in terms of liaising with industry collaborators. We began a partnership with KPMG to unify their strong consulting experience with our asset lifecycle management solution. Our solution helps companies achieve cost optimization goals by providing visibility into their inventory and allowing them to re-provision assets through intelligent re-harvesting techniques. On their part, KPMG assists us with a vast client network, consulting services, and client workshops for a robust market access strategy.

Through Subex's Joint Innovation Labs, we have also partnered with a Tier 1 operator in the Middle East to articulate business problems facing telcos and co-create relevant and impactful solutions that address these. The assets borne out of this partnership will serve not only the client but also amplify Subex's IP, value proposition, and solution portfolio.

*What technology investments does Subex look to make as it enters the new era with HyperSense?*

Subex is allocating investments in line with the outcomes it has defined for the business and its customers. We will continue on our path of designing exciting innovations, new features, pre-built use-cases, and enabling MLOps for sustainable, scalable, and profitable AI adoption for our customers.

Our focus also remains consistent in 5G, IoT, edge computing, and digital twins because this is where the future lies for the business. As these technologies come to the fore, concerns over data privacy, security, digital identities, and fraud management will continue to evolve. So, we will continue to devote investments, research, and thought leadership to these areas.



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*There is a sizeable opportunity for players like Subex and IDcentral that possess the technology and, more importantly, the credibility to design industry-specific solutions that enable faster and more secure onboarding journeys through authentic KYC products.*

## IDcentral: Enabling Digital Trust through Rich Identity Analytics Solutions

A conversation with

**Shiva Shankar Naga Roddam,  
Whole-Time Director &  
Chief Operating Officer**

Post-pandemic, organizations are reaping value from digital investments made during the past two years. The cyber-physical divide gets leaner every day, catapulting 'Digital Identities' into prominence. Almost every economic activity from banking to shopping has gone digital and are accessible when customers sign-up using their mobile numbers or email ID and provide proof of identity.

Streamlining these first interactions is critical for many reasons. "Apart from identity frauds, digitalization poses challenges like fragmented customer experience and resulting dropouts. Some industries witness as high as 60% drop out rates during the sign-up stage on account of badly designed workflows, too many steps, verification modules failing, false positives, etc. Yet businesses need to verify authenticity before signing on customers for reasons like regulatory compliance, AML, fraud, etc." says Shankar.

To offer seamless onboarding journeys, organizations must enable verification through all possible digital channels using tools best-suited for their workflows, compliance requirements, and target segments. These can be video KYC, facial recognition, face trace, biometrics, etc., all of which must adhere to myriad compliance norms. "So, having a sound platform isn't enough. Organizations need the right mix of domain experience, next-gen technology, and industry-standard security protocols to hit the right balance between customer delight and fraud prevention," remarks Shankar Roddam.

**Frictionless authentication. Unerring compliance. Delightful CX.**

There is a sizeable opportunity for players like Subex and IDcentral that possess the technology and, more importantly, the credibility to design industry-specific solutions that enable faster and more

secure onboarding journeys through authentic KYC products. For instance, IDcentral's IP Face Trace technology quite accurately catches recurring fraud through image-based de-duplication, making it a tool of choice for any company that wants to scale its digital customer base with reliability. In one engagement, IDcentral reduced the number of steps that a customer need to go through before they are onboarded, instantly enhancing the customer experience, building brand loyalty, and improving brand reputation.

Thus, if we look at the types of problems IDcentral's solutions solve, it has clear benefits for both enterprises and customers. Shankar explains, "Enterprises can better understand and serve their customers while customers feel reassured that their personal data is protected and used appropriately. IDcentral is helping organizations streamline and scale onboarding, KYC, and verification by designing digital identity solutions that are intelligent, intuitive, fast, and accurate. Moreover, we have been aggressively creating an API ecosystem to drive seamless data connections, thereby facilitating trusted commerce through one-click implementations. It aligns very well with our overarching vision of Enriching lives using AI for digital trust."

### A milestone year

FY 21-22 has been a landmark year for IDcentral.

We established a resounding product-market fit, evidenced in our customer base that shot up from zero to 21 by year-end for accrued top-line growth. In addition, the number of APIs and API calls on the IDcentral platform have scaled beyond expectations, a trusted indicator of higher market consumption and a big step towards becoming a trusted SaaS business.

IDcentral also signed on its first telecom customer, which is noteworthy considering the importance of this domain for Subex. The company also onboarded clients from FinTech, eCommerce, gaming, AgriTech, and

*We established a resounding product-market fit, evidenced in our customer base that shot up from zero to 21 by year-end for accrued top-line growth.*

cryptocurrency. The spread of these industries – from traditional to next-gen – speaks to IDcentral's solutions wide breadth, relevance, and value realization.

Solution-wise, we are augmenting the portfolio with new features and next-gen capabilities such as passive liveliness, 360-degree OCR, Face Trace, and Advanced Aadhaar, which will further support regulations around video KYC. One of our focus points was to nail the integration so that companies can leverage the product suite in a plug-and-play model for hassle-free validation and verification. Thus, close integrations with DigiLocker serve to create true market differentiation.

### Three-year horizon

In line with Subex's vision to empower 100,000 data scientists by the next financial year, we believe that low/no-code is the way forward. So, we are innovating to make onboarding even more intuitive through low/no-code solutions. This is a positive trend for us, seeing as our client deals are steadily increasing, and a key driver to ensuring that our solutions help clients realize value faster.

Looking ahead, we will continue to steer investments and research into the NBFC account aggregator

framework. India recently embarked on an 'Account Aggregator' initiative that promises to be a game-changer in regulating digital identities across the country. Subex and IDcentral are registered members of the industry groups to bring the concept to fruition by leveraging our experience and thought leadership. This will be a notable differentiator for us in the next few years.

Given our proven expertise in telecom, this industry remains an area of focus and telecom operators are keenly eyeing our solutions with interest. Moreover, as the regulatory climate continues its dynamic trajectory, it spells new growth opportunities for Subex and IDcentral, and we are already receiving a lot of interest and RFPs from different clients. Our approach to tap into this is two-fold: accentuating our differentiation and aggressively onboarding more organizations.

### Final thoughts

We are betting big on amplifying our position in FY2023. We intend to continue amping up API transactions on the platform and using market intelligence to build out more relevant use cases for organizations based on their industry, region-specific regulations, customer demographic challenges, and more. Another focus area is to develop strong partnerships with technology vendors, forums, adjacent product platforms, and more as part of our GTM strategy. In some of Subex's focus markets, namely India and Indonesia, the market share for digital identity solutions is roughly US \$160 million in FY 2022. Globally, this number is in excess of a billion dollars. The market is thriving, and, consequently, new players are on the rise, driving consolidation. So, this promises to be a very competitive space in the near future. Our strategic differentiation through world-class digital identity solutions gives us a sharper edge to monetize these opportunities.



*Subex won two awards in the TMFCatalyst programs, reflecting our purpose of vision and ability to achieve real-world outcomes.*

## Pushing the Boundaries of Innovation through No-code Platforms and AI Trust

A conversation with

**Rohit Maheshwari,**  
Head of Strategy & Products

### On 5G, cloud, and AI

Digital intensification is sweeping across the industry, heralded by the convergence of 5G, digital, cloud, and AI. The telecom industry has a tremendous opportunity to leverage this demand for better connectivity, greater enterprise demand, and increasing interest in AI adoption.

With data flooding into telecom networks, they are in a prized position to extract intelligence and enable responsive decision-making, which is crucial for all businesses. We believe this demand for faster, resilient, and responsive telecom services will result in operators seeing a greater need for the solution areas that Subex focuses on, such as AI-driven decision-making, business assurance, fraud management, partner ecosystem management, and network analytics.

At the core of digital intensification lies the need for digital trust, without which digital ecosystems collapse. This is the space that Subex is focusing on, leveraging its proven competencies in melding powerful technology solutions, digital services, and a 20-year legacy of domain experience. As we pivot from a product-based company to a platform-centric one, we are tuning our solutions to support the vision of enriching lives using AI-led digital trust – and this will be a critical capability within digital ecosystems for the next decade.

### Reorienting to AI at the core

AI holds much promise, yet many attempts by organizations tend to fail or, at best, are limited in efficacy. One of the bottlenecks in enterprise AI adoption is that most businesses don't trust AI. Enabling data-driven decision-making hinges on how effectively enterprises adopt AI, and herein lies an incredible advantage for Subex with its no-code HyperSense AI platform that comes packed with many innovative features like Explainable AI. It exposes the black box logic of

AI, building user confidence and trust in AI models and its results, and is possibly one of the most distinguishing innovations that set HyperSense apart in the market.

If one were to imagine Subex's tech stack as a multi-layer cake, the bottom layer is the cloud-native stack, on top of which we have positioned our no-code AI orchestration platform, HyperSense. Above this lies our entire product and service suite from the past 20 years that are now transformed through HyperSense. As such, the platform does three unique things: It helps other organizations simplify and accelerate AI adoption across their data value chain. It also provides a library of reference use-cases for organizations, inspiring them to create their own AI use cases. Finally, it also facilitates us in renewing all our products into AI-enabled ones, thereby making us a partner-of-choice that aligns well with our client's digital transformation journeys.

### Innovation firepower

For vendors like Subex, winning means having the foresight to observe what drives change in today's market. For example, telecom fraud management and business assurance practices are moving closer to the edge. Thus, telecom players need solutions to converse and integrate with networks, influence real-time decisions, and enable active risk intelligence. Moreover, typically siloed practices like revenue assurance are now transforming to assurance across the business and penetrating areas like software licenses, assets, margins, and customer journeys.

Subex's proven track record makes us one of the leaders in the telecom space. True to form, we continue to 'innovate from within' by constructing new grassroots capabilities as well as 'innovate from the larger ecosystem' by working with industry forums to craft industry standards and analyze how the latest technology can meet these. Last year, Subex won two awards in the TMF Catalyst programs, reflecting our purpose of vision and ability to achieve real-world outcomes. We conscientiously collaborate with TM Forum, RAG, CFCA, and GSMA to help them define ways of working and standards in the areas of AI, fraud, business assurance, and partner management. Additionally, as a key innovator in blockchain for telecom, Subex is breaking ground with innovative features that realize blockchain-based BCE (Billing and Charging Evolution), which is a new charging model mandated by GSMA that promises to revolutionize billing and charging by giving ecosystem partners unprecedented flexibility and security.

### Securing our edge for the future

Underpinning our successes with HyperSense AI, we will double down on AI research and innovation. The next steps in the journey involve no-code MLOps, an important stage to complete AI adoption journeys, followed by use cases on deep learning.

But none of this happens in isolation. Subex will continue to lead and respond to market dynamics by innovating its solutions, including 360-degree fraud management with signaling intelligence, multi-edge computing, expanding revenue assurance to business assurance, and growing wholesale billing to partner ecosystem management.

As an ecosystem player, Subex has the wherewithal to build solutions beyond our core products, bundle these with third-party apps, and truly solve real-world business challenges for clients. Propelled by our strong market position this year, we are well ahead on our journey to create industry-leading platforms that deliver digital and AI-led trust.



*Underpinning our successes with HyperSense AI, we will double down on AI research and innovation. The next steps in the journey involve no-code MLOps, an important stage to complete AI adoption journeys, followed by use cases on deep learning.*



*Sectrio aims to be a trusted vendor for end-to-end OT security for our customers. It certainly possesses the complete offering with respect to products, implementation services, and managed security services.*

## Navigate Digital Cybersecurity with a Three-point Defense

A conversation with

**Kiran Zachariah,**  
**Head of IoT Security**

In the last annual report, I had alluded to the impending pivot of Subex's cybersecurity suite of products from pure IoT security to the larger Operation Technology (OT) security market. IoT implementations had stalled during the pandemic as companies focused more on the resiliency of their current infrastructure and paused new projects and initiatives. Still, many analyst organizations validated Subex's directional change, and they now recognize IoT as a subset of OT.

OT security is about protecting the infrastructure that connects physical processes and events. It is very different from traditional IT security and involves systems like programmable logic controllers (PLCs), Human Machine Interface (HMI), SCADA systems, etc. These systems control the actual working of manufacturing plants and critical infrastructure. Typically, OT systems were secure because they resided in air gaps (disconnected from the Internet). They also remained largely untouched, sometimes even from their date of commissioning, which makes them very vulnerable to attacks because they have remained unpatched for a very long time.

Since the pandemic's onset, OT systems are being connected to the internet to enable remote support. This trend is now becoming permanent, and companies are paying lower for maintenance by eliminating the need for expensive site visits by engineers. Another trend yielding substantial benefits to plant owners is digitalization, where data from OT systems is driving use cases such as just-in-time inventory, flexible scheduling, robotic quality inspection, etc. The substantial benefits of connecting the OT network outweigh the risks. And so, chief information security officers (CISOs) are tasked with implementing OT cybersecurity to minimize and eliminate these risks so organizations can reap the benefits of increased digitalization.

## Outlook for OT cybersecurity market

Threats to OT systems are on the rise as organized hacking groups have begun targeting these systems because these machines are considered the soft underbelly of a company. The fact that disruption to a production line represents real material damage in terms of shutdowns that have associated revenue losses every second, the line is down makes manufacturing plants a favored target for ransomware groups. Our global honeypots registered a 200% increase in attacks on OT systems last year, clearly indicating a renewed focus from threat actors globally on OT systems.

The OT security market is nascent but is growing at 25% CAGR and is expected to be a US \$10 billion market by 2025. While there is competition and many new entrants in this space, analysts forecast that only 10% of the potential customers have begun a formal OT security program. Hence, the market is large and untapped. The potential of the business is reflected in the valuation of companies in the space: In the last two years, OT security companies raised close to US \$2 billion with a combined valuation of US \$10 billion.

Customer expectations from OT security companies have also evolved over the last couple of years. In the early days of OT security adoption, companies wanted products that would provide OT visibility tools into their current IT security strategy. Such projects were often not completely successful because of the competing priorities of IT security, such as confidentiality of data, versus OT security such as the need for system availability, paucity of talent with OT security skills, coordination with plant engineers to remediate issues, complexity of managing multiple OEMs, protocols, etc.

## Drivers for the move to OT security

CISOs are now looking for organizations that can implement turnkey OT security for them. This includes a mix of

products, services, and managed security monitoring. These programs are complex and executed in phases. Broadly, it involves discovering and cataloging all OT assets, their vulnerabilities, and the nature of their interaction with each other. This information is then used to devise a specific mitigation strategy, which is the next step to reduce the attack surface of the assets. Thirdly, continuous monitoring is implemented to constantly check for any attacks and breaches. Lastly, response plans are formulated for attacks keeping in mind that the facility should never experience downtime.

Due to such dynamics and keeping in mind the need to effectively address this burgeoning market, it was decided that Subex's division, which focused on this sector, had to be seen as a separate entity. We also wanted to differentiate the OT security division from Subex because OT security is relevant pan-industry, whereas Subex's legacy has been rooted in the telecom sector. Hence, the division and products, hitherto known as Subex Secure, were rebranded as Sectrio. The name Sectrio was chosen primarily because of the focus on converged networks, namely OT, IoT, and IT. After the launch, Sectrio's digital presence has grown substantially and has equaled, if not surpassed, many of our more established competitors.

## The Sectrio Brand

Sectrio's suite of modules was expanded to meet the lifecycle of an OT security program. It now includes several things such as vulnerability management, the module that helps discover assets and their vulnerabilities, micro-segmentation to reduce the attack surface of the assets, threat detection to discover new threats, and playbooks that orchestrate remediation and response to any threats. Expanding on our honeypot capabilities, Sectrio also hosts a deception module to thwart attacks that have made it through a network's perimeter.

At Sectrio, we have been partnering with organizations with the intent of

integrating their solutions into our suite. Apart from expanding our offerings, this gives Sectrio the ability to bid on turnkey OT projects. Products typically make up 20% of an OT security implementation, with the remaining 80% going to services. Sectrio aims to be a trusted vendor for end-to-end OT security for our customers. It certainly possesses the complete offering with respect to products, implementation services, and managed security services. Essentially with this strategic change, we expect our deal sizes to become larger in the new year.

Strategically we continue to focus on a very few markets, markets that were chosen primarily on our ability to win in those geographies, their relative maturity in adopting OT security, and our ability to deliver superior value compared to our competition. While we remain opportunistic in other markets, we are committed to making disproportionate investments in these chosen geographies. We intend to go deep as compared to going wide. The razor focus gives us the ability to channel our resources and maximize our potential to achieve our goals.

We have made some key forays into markets as well as verticals. Today Sectrio's implementations cover manufacturing, smart cities, automotive, shipping, public sector, governments, banking, and education. Customers start their OT security journey with assessments, and the number of assessments is a key lead indicator of the projects that will materialize. This year we have seen an over 150% increase in assessments performed by Sectrio, a very heartening sign of things to come.

We expect OT security adoption to be much stronger next year. Sectrio is well poised to ride that wave, the team is motivated and excited based on the pipeline, and we all believe today that we are in a very advantageous position to derive maximum value for our shareholders as we continue to navigate new challenges. Again, we remain grateful for your continued support.

## SUBEX CHARITABLE TRUST



Over the past few years, Subex has been actively giving back to the society with our Subex Charitable Trust (SCT). SCT undertook multiple initiatives like vocational training to women to be more self-sufficient, funding towards the education of meritorious under privileged children and many developmental initiatives towards the society.

During the last year SCT took up a more focused project in adopting a government school in Doddabanhalli, Bangalore. The vision of SCT for GHPS Doddabanhalli for the next 5 years is to bring it on par with any private funded schools. SCT will focus on holistic development of the school and has joined forces with the school management and an NGO namely Reaching Hand, to ensure all the fundamental amenities are being provided to the children and further modernize the school. Below are the developmental initiatives by SCT:

- Infrastructure reinforcement
- Infrastructure development
- Drinking water facility
- Providing sufficient teaching faculty
- Establishing extra-curricular initiatives
  - Student mental health camp
  - Menstrual health management
  - Art & Sport faculty
  - Physical health camp

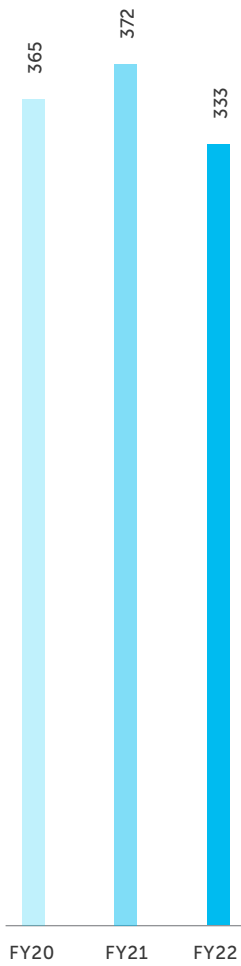
SCT is proud to announce that our school GHPS Doddabanhalli has seen a significant increase in the number of admissions this year from 150 to 256 and the school is looking at more admissions. The aim of the SCT is to transform GHPS Doddabanhalli into one of the best educational institutes in Bangalore which will focus on the students' holistic growth.



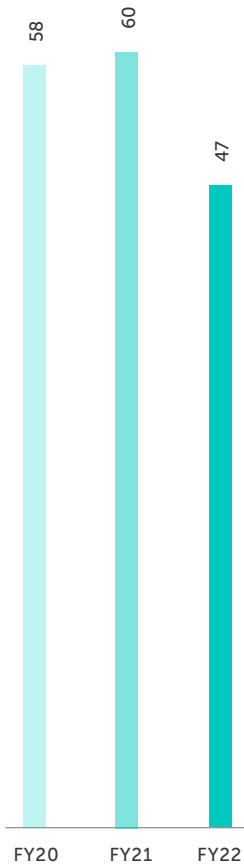




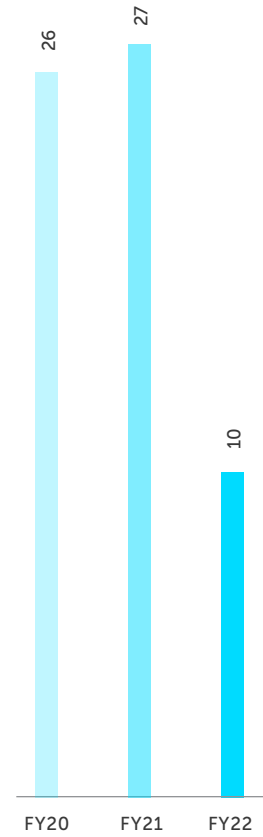
## FINANCIAL HIGHLIGHTS



Revenues ( ₹ Cr)



Gross Margin (%)



EBITDA Margin (%)



## BOARD OF DIRECTORS



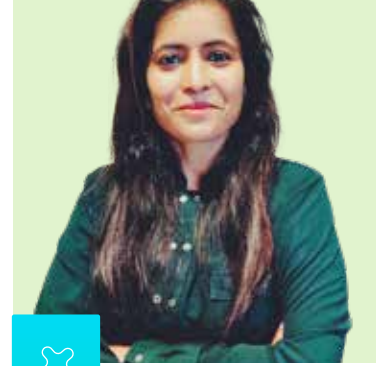
**ANIL SINGHVI**

Chairman, Non-Executive &  
Non-Independent Director



**NISHA DUTT**

Independent Director



**POORNIMA PRABHU**

Independent Director



**GEORGE ZACHARIAS**

Independent Director



**VINOD KUMAR  
PADMANABHAN**

Managing Director &  
Chief Executive Officer



**SHIVA SHANKAR  
NAGA RODDAM**

Whole-Time Director &  
Chief Operating Officer



## LEADERSHIP TEAM



**VINOD KUMAR  
PADMANABHAN**  
Managing Director &  
Chief Executive Officer



**SHIVA SHANKAR  
NAGA RODDAM**  
Whole-Time Director &  
Chief Operating Officer



**SURESH CHINTADA**  
Chief Technology Officer



**SUMIT KUMAR**  
Chief Financial Officer



**ASHA SUBRAMANIAN**  
Chief Human Resources Officer



**ROHIT MAHESHWARI**  
Head of Strategy & Products



**KIRAN ZACHARIAH**  
Head of IoT Security



**SURAJ BALACHANDRAN**  
Head of Sales – Sectors



**WARREN DUMANSKI**  
Executive Vice President and  
General Manager, North America



**BHAVNA SINGH**  
General Counsel

## BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 28<sup>th</sup> Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2022.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2022 is summarized as below

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Total Revenue	33,344	37,203	6,836	2,916
Share of Profit/ (Loss)	-	-	(1,273)	2,585
Other Income	1,037	474	6	9
Finance Cost	194	296	12	14
Profit/ (Loss) before exceptional items and tax expense	3,369	8,650	(447)	2,882
Exceptional Items	-	287	-	(231)
Profit/ (Loss) before tax	3,369	8,937	(447)	2,651
Tax expenses	1,270	3,765	-	29
Profit/ (Loss) after tax	2,099	5,172	(447)	2,622
Other comprehensive income	203	624	(3)	NIL
a) to be reclassified to profit or loss in subsequent periods	267	636	NIL	NIL
b) not to be reclassified to profit or loss in subsequent periods	(64)	(12)	(3)	NIL
Total comprehensive income for the year	2,302	5,796	(450)	2,622

### 2. OVERVIEW AND RESULTS OF OPERATIONS

The outbreak of the COVID-19 pandemic was an unprecedented shock to the Indian Economy, resulting in a sweeping slowdown in the overall economy. Phased lock-downs, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures, along with the growing uncertainty, has led to the hampering of regular business operations.

The Company has considered internal and certain external sources of information including economic forecasts, budgets required to meet performance obligations and likely delays on contractual commitments, up to the date of approval of these financial statements, in determining the possible impact from the COVID-19 pandemic. The Company has taken immediate steps to navigate through the crisis and its pro-activeness and business continuity processes ensured that the Company provided uninterrupted services to the customers while maintaining the health and safety of our employees.

The impact of the global pandemic may be different from that estimated as at the date of approval of its financial statements and the Company will continue to closely monitor any material changes to its assessment of economic impact of the COVID-19 pandemic. We have received multiple customer accolades for the smooth and seamless business continuity. Our customers were delighted with the way the Company steered through the current pandemic situation to ensure business continuity, while keeping the health and safety of the employees, a priority.

During the financial year ended March 31, 2022, the total income on a standalone basis was ₹ 6,842 lakhs as against the total income for the previous year which was ₹ 5,510 lakhs. The Company has, during the year under review, incurred loss of ₹ 447 lakhs as against a profit of ₹ 2,622 lakhs in the previous year. On a consolidated basis, the total income stood at ₹ 34,381 lakhs as against ₹ 37,677 lakhs during the previous year. The profit earned for the financial year 2021-22 is ₹ 2,099 lakhs as against a profit of ₹ 5,172 lakhs in the previous year.

### 3. DIVIDEND

- The Board at its meeting held on May 17, 2021, declared a final dividend of ₹ 0.25 (5%) per share for the financial year 2020-21. The same has been approved by the members at the 27<sup>th</sup> Annual General Meeting held on July 09, 2021.
- The Board has not proposed any dividend to be paid for the financial year 2021-22.

The dividend distribution policy of the Company is available under the link <https://www.subex.com/investors/shareholder-services/>.

### 4. RESERVES

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation. The total profit of ₹ 2,302 lakhs available with the Company on a consolidated basis is proposed to be retained in the profit and loss account.

## 5. SHARE CAPITAL

As at March 31, 2022, the authorized share capital of the Company was ₹ 590,00,00,000 (Rupees Five hundred and ninety crores only) divided into 117,60,80,000 (One Hundred and seventeen crores sixty lakhs and eighty thousand only) equity shares of ₹ 5 (Rupees Five only) each and 2,00,000 (Two lakhs only) preference shares of ₹ 98 (Rupees Ninety eight only) each.

As at March 31, 2022, the issued, subscribed, and paid-up share capital of the Company was ₹ 281,00,14,675 (Rupees Two Hundred and eighty one crores fourteen thousand six hundred and seventy five only) divided into 56,20,02,935 (Fifty six crores twenty lakhs two thousand nine hundred and thirty five only) equity shares of ₹ 5 (Rupees Five only) each.

## 6. TRANSFER OF RMS BUSINESS

Members are informed that the Audit Committee and the Board of Directors at their respective meetings held on 28<sup>th</sup> October, 2021 have, subject to the approval of members and any other approval of statutory/ competent authority (if and to the extent necessary) approved the transfer of the RMS Business of Subex Assurance LLP to the Company by way of slump sale, without values being assigned to the individual assets and liabilities, for a lumpsum consideration of ₹ 95,00,00,000/- (Rupees Ninety Five Crores only) subject to working capital and/ any other additional adjustments on such terms and conditions proposed to be entered into by and between the Company and Subex Assurance LLP ("Transaction").

In terms of the General Circular No. 14/2020 dated April 08, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June, 23, 2021 and General Circular No. 20/2021 dated December 8, 2021 ("MCA Circulars") in view of the extraordinary circumstances due to the COVID-19 pandemic requiring social distancing, Companies were advised to take all decisions requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of Postal Ballot/ e-voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that required the physical presence of members at a common venue.

Pursuant to Section 110 of the Companies Act, 2013 and the Rules framed thereunder, the Company proposed to obtain the consent of the shareholders for the Transfer of RMS Business, by passing of the resolution by means Postal Ballot.

In accordance with the requirements of the Companies Act and the MCA Circulars, the Company had sent the Postal Ballot Notice dated January 17, 2022 by email to all its members who had registered their email addresses with the Company or depository/ depository participants as on the cut-off date i.e January 14, 2022 and the communication of assent/ dissent of the members took place through remote e-voting system only.

The e-voting period for the Postal Ballot commenced on Tuesday, January 25, 2022 from 9.00 a.m. (IST) and ended on Wednesday, February 23, 2022 at 5.00 p.m. (IST). The Company appointed Mr. Pramod S.M. (Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries as the Scrutinizer and Mr. Biswajit Ghosh, (FCS Membership No. 8750 and Certificate of Practice No. 8239), Partner, BMP & Co., LLP, Practicing Company Secretaries, as an alternate scrutinizer to Mr. Pramod S.M., for conducting the meeting only through the electronic voting process, in a fair and transparent manner. Please refer the link <https://www.subex.com/investors/investor-information/> for the Postal Ballot notice and related documents.

The Resolution for Transfer of RMS business was approved with requisite majority and the results were displayed on the website of the Company under the link <https://www.subex.com/investors/investor-information/> and necessary disclosures were made to the Stock Exchanges. Accordingly, the Transaction, between the Company and Subex Assurance LLP was undertaken, with the approval of the Members of the Company for the transfer of RMS Business, including: (a) the contracts, agreements, licenses, engagements, financial instruments, commitments and other contractual arrangements relating to such business including obligations under contracts which are surviving and relate to such business; (b) the assets and properties, whether tangible or intangible, rights, titles, interests and privileges relating to such business, excluding the shares of Subex (UK) Limited, Subex Middle East (FZE) & Subex Bangladesh Private Limited, intangible asset being developed technology and/ or any other asset as may be decided by the Board and (c) identified persons on the payroll of Subex Assurance LLP.

## 7. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, as amended, from time to time.

## 8. BUSINESS

Subex is a pioneer in the space of Digital Trust, providing solutions for 75% of the world's top 50 telcos. Founded around the time when video telephony was launched, Subex has been witnessing the evolution of mobile technology ever since. Today, we are consultants to global telecom carriers for operational excellence and business transformation by driving new revenue models, enhancing the customer experience and optimizing the enterprise. Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management Capacity Management, Partner Management, and Analytics "Revenue Management Services/ RMS business" and complements them through its newer solutions such as IoT Security, Digital Identity Management and Anomaly Detection "Digital Business". Subex also offers scalable Managed Services and Business Consulting services.

Through HyperSense, an end-to-end augmented analytics platform, Subex empowers communications service providers and enterprise customers to make faster, better decisions by leveraging Artificial Intelligence (AI) analytics across the data value chain. The solution allows users without a knowledge of

coding to easily aggregate data from disparate sources, turn data into insights by building, interpreting and tuning AI models, and effortlessly share their findings across the organisation, all on a no-code platform.

Being truly a global company, it has more than 300 installations across 90+ countries. There has been no change in the nature of business in FY21-22.

### Key Announcements in FY21-22

#### Subex Launches HyperSense, an End-to-End Augmented Analytics Platform

Subex announced a launch of HyperSense, an end-to-end Augmented Analytics platform that helps enterprises make faster, better decisions by leveraging Artificial Intelligence (AI) across the data value chain. Developed based on Subex's extensive data analytics experience, HyperSense contains all the Augmented Analytics capabilities enterprises need in one flexible and modular platform.

#### Subex's new patent defines the future of Revenue Maximization for telcos

Subex announced that the U.S. Patent and Trademark Office has granted the company's patent that defines the future of Revenue Maximization for telcos. With this patent, Subex moves revenue maximization to the edge, thereby setting standards for operators to proactively identify monetization opportunities. At the same time, it will now move a step closer to detecting and preventing risks such as digital fraud to prevent damage before it happens.

#### Subex rebrands IoT and OT Cybersecurity product as Sectrio

Subex announced the completion of the rebranding exercise of its Internet of Things (IoT) and Operational Technology (OT) cybersecurity product Subex Secure. Subex Secure will henceforth be called Sectrio. The move comes in the wake of Sectrio gaining significant market traction powered by an exponential increase in the capabilities of its award-winning product portfolio.

#### Subex extends strategic partnership with Robi to support their 5G ambitions

Subex extended its partnership with Robi to upgrade its existing integrated Revenue Assurance and Fraud Management (iRAFM) system. Through this upgrade, Robi will now leverage the AI/ML capabilities of Subex's Revenue Assurance and Fraud Management solutions to tackle new-age telecom threats in the region and deliver a superior customer experience as it looks to provide services built on 5G..

#### Subex wins 5-year contract with Dhiraagu for integrated Revenue Assurance and Fraud Management

Subex has been awarded a seven-digit, five-year contract from Dhiraagu, the leading telecom operator of Maldives, to provide its integrated Revenue Assurance and Fraud Management (iRAFM) solution. Through the deployment, Dhiraagu will upgrade its systems and consolidate its standalone assurance functions to better equip themselves for the 5G era.

#### Subex launched Partner Ecosystem Management platform

Subex announced the launch of its Partner Ecosystem Management platform that will allow CSPs to accelerate their digital services portfolio expansion. The platform will allow CSPs to create a value driven partner ecosystem and significantly improve time to market for new services by identifying and quickly on boarding diverse partners. It will also enable digital trust among CSPs and their partners by creating a transparent partner ecosystem.

## 9. SUBSIDIARIES OF THE COMPANY

As on March 31, 2022, the Company has 10 subsidiaries.

### SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2022, Subex Assurance LLP earned a net income of ₹ 29,204 lakhs as against net income of ₹ 33,268 lakhs in the previous year and a net profit of ₹ 1,353 lakhs, as against a net Profit of ₹ 4,628 lakhs in the previous year.

As at March 31, 2022, Subex Limited held 99.99% of the capital in Subex Assurance LLP and the balance is held by Subex Digital LLP

- Subex (UK) Limited is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2022, the Standalone net income of Subex (UK) Limited was ₹ 18,820 lakhs as against ₹ 20,974 lakhs in the previous year, and a net loss of ₹ 84 lakhs as against a net profit of ₹ 2,487 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, 2022, the Standalone net income of Subex (Asia Pacific) Pte. Limited was ₹ 3,895 lakhs as against ₹ 3,898 lakhs in the previous year, and a net profit of ₹ 143 lakhs as against a net loss of ₹ 347 lakhs in the previous year.
- Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2022, the Standalone net income of Subex Inc. was ₹ 9,727 lakhs as against ₹ 9,547 lakhs in the previous year, and the net profit of ₹ 914 lakhs as against a net profit of ₹ 534 lakhs in the previous year.
- Subex Middle East (FZE) is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2022, the standalone net income of Subex Middle East (FZE) is ₹ 2,889 lakhs as against ₹ 2,374 lakhs in the previous year and net loss of ₹ 518 lakhs as against a net loss of ₹ 67 lakhs in the previous year.
- Subex Bangladesh Private Limited, is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2022, the standalone net income of Subex Bangladesh Private Limited is ₹ 903 Lakhs as against ₹ 266 and net profit of ₹ 1 Lakh as against a net loss of ₹ 57 lakhs.

Subex Account Aggregator Services Private Limited has been incorporated on May 09, 2022 as a wholly owned subsidiary of the Company for undertaking Account Aggregator Services.

### SUBEX DIGITAL LLP

For the year ended March 31, 2022, Subex Digital LLP earned a net income of ₹ 1,839 lakhs as against ₹ 1,429 lakhs in the previous year, and a net loss of ₹ 2,626 lakhs as against a net loss of ₹ 2,043 lakhs in the previous year.

As at March 31, 2022, Subex Limited held 99.99% of the capital in Subex Digital LLP and the balance is held by Subex Assurance LLP.

### SUBEX TECHNOLOGIES LIMITED

Subex Technologies Limited is a wholly owned subsidiary of Subex Limited. For the year ended March 31, 2022, Subex Technologies Limited incurred a net loss of ₹ 4 lakhs similar to net loss of ₹ 4 lakhs in the previous year.

### SUBEX AMERICAS INC.

For the year ended March 31, 2022, the standalone net income of Subex Americas Inc. is ₹ 1,083 lakhs as against ₹ 1,024 lakhs in the previous year, and a net loss is ₹ 33 lakhs as against a net loss of ₹ 10 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.

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

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://www.subex.com/investors/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://www.subex.com/investors/shareholder-services/>.

## 10. DEPOSITS

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

## 11. EMPLOYEE STOCK OPTIONS SCHEMES

The Employee Stock Option schemes of the Company 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 the existing ESOP schemes. Additional details have also been disclosed under Note 34 to the standalone financial statements which forms part of the Annual Report.

Details of the Company's Employee Stock Option Plans and a summary disclosure in compliance with 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 and Sweat Equity) Regulations, 2021, are available on the Company's website under the following link <https://www.subex.com/investors/announcement-filing/#other-intimations>.

### EMPLOYEE STOCK OPTION PLAN-2018

The Company, pursuant to resolutions passed by the Board and the Shareholders dated June 26, 2018 and July 31, 2018, respectively, had adopted the Subex Employees Stock Option Scheme-2018 ("ESOP - 2018" or "Plan"). This scheme was formulated in accordance with the Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Board authorized the Nomination & Remuneration Committee, or such other person(s) as may be authorized by the Nomination & Remuneration Committee for the superintendence and administration of the Plan. The ESOP Plan has been implemented through the Subex Employee Welfare & ESOP Benefit Trust "ESOP Trust", which is authorized to acquire shares of the Company through secondary market for providing such share based payments to its employees. Total number of Options granted/to be granted under the Scheme shall not exceed 5% (Five percent) of the paid-up equity capital as on March 31, 2018. During the FY 2022, the Nomination & Remuneration Committee of the Company at its meeting held on January 31, 2022 granted 14,48,000 options approved under ESOP - 2018 scheme to the eligible employees.

## 12. 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 31 and 32 to the Standalone Financial Statements.

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

There have been no material changes for the period between end of the financial year 2021-22 and the date of this report, affecting the financial position of the Company.

## 14. 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 continuous 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, customers, vendors 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 under the SEBI (LODR) Regulations, 2015, as amended from time to time. The 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.

## 15. MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis as stipulated under Regulation 34 of the SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

## 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of the Company is formed with an optimum combination of Executive and Non-Executive Directors, which not only meet the legal obligation but also make a diversified Board with a mixed blend of experiences, expertise, and professionals. The details of Board and committee composition, tenure of directors, areas of expertise and other details are available in the Corporate governance report that forms part of this Annual Report.

### RETIREMENT BY ROTATION

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 Annual General Meeting "AGM" of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Anil Singhvi, Non-Executive & Non-Independent Director, who retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

### APPOINTMENT/ RE-APPOINTMENT/CESSATION

There were no appointment/re-appointment/cessation of Directors during the financial year 2021-22.

Mr. Venkatraman G S resigned from the position of Chief Financial Officer with effect from December 10, 2021.

Mr. Sumit Kumar was appointed as the Chief Financial Officer with effect from January 31, 2022.

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on May 30, 2022, re-appointed Ms. Poornima Prabhu as an Independent Director of the Company for a further period of 5 (five) years with effect from July 28, 2022. Her appointment for a period of five years is being placed before the members for their approval at this 28<sup>th</sup> AGM.

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

## 17. BOARD MEETINGS

During the year, five 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
1/2021-22	May 17, 2021
2/2021-22	August 9, 2021
3/2021-22	September 3, 2021
4/2021-22	October 28, 2021
5/2021-22	January 31, 2022

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

## 18. 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 31, 2022 carried out an annual performance evaluation of its own performance, the 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 Report on Corporate Governance.

The Independent Directors of the Company at its separate meeting held during the year also reviewed the performance of Non- Independent Directors and Board as a whole and Chairman of the Company taking into account the views of Executive Directors and Non-Executive Directors.

## 19. DETAILS RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL

The Company's Policy on Director's Appointment and Remuneration has been uploaded on the website of the Company <https://www.subex.com/investors/shareholder-services/>. Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in "Annexure D", which is annexed hereto and forms part of the Directors' Report.

## 20. AUDIT COMMITTEE

As on March 31, 2022, the Audit Committee consisted of 4 (four) Directors as its members.

Composition	Category
Ms. Nisha Dutt (Chairperson)	Independent Director
Mr. Anil Singhvi	Non-Executive, Non-Independent Director
Ms. Poornima Prabhu	Independent Director
Mr. George Zacharias	Independent Director

The role, terms of reference, 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 thereto).

## 21. 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

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (FRN 101049W/E300004), were appointed as the Statutory Auditors of the Company for a term of 5 years at the 21<sup>st</sup> AGM of the Company held on June 19, 2015. Based on the recommendations of the Audit Committee, the Board at its meeting held on May 11, 2020, approved the re-appointment of M/s. S. R. Batliboi & Associates LLP for a term of 5 years, from the conclusion of the 26<sup>th</sup> AGM upto the conclusion of the 31<sup>st</sup> AGM and the said appointment was approved by the members at the 26<sup>th</sup> AGM of the Company.

There are no qualifications, reservations, 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 M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report and the Annual Secretarial Compliance Report are annexed herewith as "Annexure C".

The Secretarial Audit Report for the year ended March 31, 2022 does not contain any qualifications, reservations, or adverse remarks.

## 22. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement comprising the names of top 10 (ten) employees in terms of remuneration drawn and every person employed throughout or part of the financial year, who were in receipt of remuneration as per the prescribed limit, forms part of Directors' Report.

The above Annexure is not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at [investorrelations@subex.com](mailto:investorrelations@subex.com). The aforesaid Annexure is also available for inspection by Members on any working day at the Registered Office of the Company upto the date of the Annual General Meeting. Members seeking to inspect such documents can send an email at [investorrelations@subex.com](mailto:investorrelations@subex.com).

## 23. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as stipulated under Regulation 34 of the SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

## 24. 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 sparse 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 to 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.

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 plastics, electricity and water, along with an increase in amount of waste that is recycled/ reused etc.
- iii. Increasing the awareness on environment safety and engagement of employees in such measures.
- 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 applicable environmental laws and regulations.

## 25. TECHNOLOGY ABSORPTION, ADOPTION, INNOVATION AND PRODUCT DEVELOPMENT

The portfolio of products has contributed to the success in this domain and has also built a strong foundation to add value to our Customers, independent of the economic and market conditions. The last few years have seen a rapid change in technologies being leveraged and this has been further influenced by the Digital Transformation of services and portfolio within our Customer base. Subex has a dedicated team to explore these new technologies which then contribute to innovations on the existing Portfolio as well as creation of new Product Intellectual Property. The Products developed and released by this team influence our ability to compete and win, while also delivering value to our Customers. Please refer the Management Discussion & Analysis for further details on our products.

## 26. FOREIGN EXCHANGE INFLOW AND OUTFLOW

During the year 2021-22, total foreign exchange inflow and outflow of the Company is as follows:

- i) Foreign Exchange inflow ₹ 3,510 lakhs (Previous Year ₹ 1,482 lakhs)
- ii) Foreign Exchange outflow ₹ 511 lakhs (Previous Year ₹ 576 lakhs)

## 27. CORPORATE SOCIAL RESPONSIBILITY

To enable contribution to the society and other stakeholders, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2022:

Composition	Category
Mr. Anil Singhvi (Chairman)	Non-Executive, Non-Independent Director
Ms. Nisha Dutt	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
Mr. Shiva Shankar Naga Roddam	Whole-Time Director & COO

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, (including amendments, if any) are given in "Annexure F" to this report.

The CSR Committee charter and the CSR Policy of the Company are available on the website at the below link <https://www.subex.com/investors/shareholder-services/>.

### SUBEX CHARITABLE TRUST

The 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 from among the employees of the Company. Please refer page 33 of the Annual Report for details of the activities conducted during the year.

## 28. RISK MANAGEMENT POLICY & IMPLEMENTATION

The Risk Management Committee as required under Regulation 21 of the SEBI (LODR) Regulations, 2015 has been constituted by the Company. According to Regulation 21(5) of the said Regulations, the provisions of Risk Management Committee shall be applicable to top 1000 listed entities, determined based on 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.

## 29. HUMAN RESOURCE MANAGEMENT

Detailed report on Human Resource management is given in the Management Discussion and Analysis, forming part of the Annual Report.

## 30. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5)(e) 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 ("Ind AS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. 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 effectiveness 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 9001:2015 (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 Subex focused on additional security awareness programs and improve the existing business continuity controls owing to the pandemic. Additionally, we continued to identify and involve relevant stakeholders to review and align the processes to Subex's Business objectives.

### 31. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instances 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/investors/shareholder-services/>. There were no complaints received during the year 2021-22.

### 32. 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.

### 33. DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 34. 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, is 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/investors/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 as "Annexure E".

### 35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material order passed by the Regulators or Courts during the financial year 2021-22

However, the Company would like to inform that, SEBI had alleged that the Company violated Clause 10 of Code of Conduct under Schedule B of Regulation 9(1) of SEBI (PIT) Regulation, 2015 and granted relaxation to Mr. Subash Menon for executing the opposite transaction within six months of the previous transaction (i.e., Contra Trade) without recording in writing the reasons for grant of relaxation. The Company had denied the allegations made by SEBI and informed that it is the Company in the first instance which prudently informed SEBI regarding the non-disclosure of the Transaction by the Promoters, as mandated by the SEBI PIT Regulations and Code of Conduct for prevention of Insider trading of the Company under Schedule B of Regulation 9(1) of the SEBI PIT Regulations and had duly submitted detailed responses to the Investigating Officer from time to time. Adjudication proceedings were conducted on December 20, 2021 through video conferencing by WebEx and company represented the matter.

Securities Exchange Board of India vide Adjudication Order No.: Order / MC / VS / 2022-23 / 15935 - 15937 dated April 11, 2022 disposed off the adjudication proceeding initiated against the Company in connection with the Show Cause Notice dated May 7, 2021 for alleged violations of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("2015 PIT Regulations") and the SEBI Act, with respect to trading in the scrip of the Company during August 08, 2018 to October 01, 2018.

### 36. ANNUAL RETURN

A copy of the Annual Return of the Company for the Financial year 2021-22, as required under Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 shall be placed on the Company's website at <https://www.subex.com/investors/announcement-filing/#disclosures>.

### 37. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2021-22 and 2022-23 to the Exchanges' where the Company's shares are listed i.e., the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE').

The 2,43,207 Global Depository Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 09, 2007.

### 38. 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) .

### 39. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the financial year ended March 31, 2022, 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, 2022 and of the profit of the Company for the year ended on that date;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the accounts for the year ended March 31, 2022 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;

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589

Place: Bengaluru  
Date : May 30, 2022

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

### 40. 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 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, Banks, the Ministry of Commerce and Industry, Ministry of Labour and Employment, Reserve Bank of India, the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Ltd, National Securities Depository Limited, Central Depository Services (India) Limited, the National Company Law Tribunal, Bengaluru Bench 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

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872

Place: Bengaluru  
Date : May 30, 2022

## ANNEXURE A

## Information as at March 31, 2022 pertaining to the Employee Stock Option Schemes of the Company.

Sl. No	Particulars	ESOP 2018
1	a) Options granted as on March 31, 2022	2,61,38,500
	b) Options granted during the year	14,48,000
2	Options vested as on March 31, 2022	200,73,908
3	Options exercised as on March 31, 2022	1,00,66,280
4	No. of shares arising as a result of exercise of options during the year ended March 31, 2022	NIL <sup>#</sup>
5	Options Lapsed as on March 31, 2022	45,64,592**
6	Exercise Price	₹ 6 to ₹ 20
7	Variation of terms of options	None
8	Money realized by exercise of options as on March 31, 2022	₹ 6,03,97,680
9	Total number of options in force	1,15,07,628 <sup>§</sup>
10	Employee wise details of options granted during the year under review to:	
	(i) Key managerial personnel	-
	(ii) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	Srinivas M R – 90,000 Yathish Nagavalli – 90,000 Manish Agarwal – 125,000 Asha Subramanian – 150,000
	(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'	₹ (0.08)
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
13	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price: ₹ 8.86 Weighted average fair value: ₹ 6.05
14	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information:	Black Scholes Model
	i. risk-free interest rate	6.68%
	ii. expected life	3 years
	iii. expected volatility	67.51%
	iv. expected dividends	1.59%
	v. market price on grant date	₹ 47.1

\*\*In accordance with the provisions of the ESOP Scheme 2018, lapsed options are reissued.

<sup>#</sup> There are no fresh equity shares arising because of exercise of options during the year ended March 31, 2022. Shares were transferred from the ESOP Trust against the exercise of options.

<sup>§</sup> Include 50,000 options for which exercise price received on March 28, 2022 and exercised on April 6, 2022.

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589

Place: Bengaluru  
Date : May 30, 2022

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872

Place: Bengaluru  
Date : May 30, 2022

**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") having CIN: L85110KA1994PLC016663, for the purpose of certifying of the Corporate Governance under Regulation 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2021, to March 31, 2022. 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, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable 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  
UDIN: F007834D000432126

Date: May 30, 2022

Place: Bangalore

## ANNEXURE C

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

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

**FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2022**

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, 2022 (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 Byelaws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. The Company had not borrowed any money under External Commercial Borrowings route during the period under review;
- 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, 2018 (Not Applicable to the Company during the Audit Period);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - 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, 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
  - j) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Redeemable Preference Shares) Regulations, 2013 **(Not Applicable to the Company during the Audit Period)**.
  - k) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not Applicable to the Company during the Audit Period)**.
- vi) Other Laws Applicable Specifically to the Company namely:
  - a) Information Technology Act, 2000 and the rules made thereunder.
  - b) Special Economic Zones Act, 2005 and the rules made thereunder.

- c) Copy Right Act, 1957.

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.

We have not examined compliance by the Company 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.

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

**We further report that:**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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 compliance mechanism adopted by the Company i.e., of providing adequate presentations by the heads of concerned departments 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.

The following events / actions were having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

- a) Subex Assurance LLP, a wholly owned subsidiary of the Company has transferred its Revenue Maximization Solutions (RMS) Business to the Company (Subex Limited) for a lump sum consideration of ₹ 95 Crores subject to working capital and / any other additional adjustments on such terms and conditions proposed to be entered into by and between the Company and Subex Assurance LLP. Special Resolution was passed in this regard through Postal Ballot process between January 25, 2022 and February 23, 2022 by the Company.
- b) The Board of Directors of the Company at its meeting held on October 28, 2021 approved the proposal to incorporate new subsidiary for undertaking Account Aggregate Services and making investment up to ₹ 2.25 Crores towards subscription of shares of the Company.
- c) The Board of Directors of the Company has passed the resolution at its meeting held on October 28, 2021 for withdrawal of Capital Contribution along with share of profit from / of Subex Assurance LLP.
- d) Securities Exchange Board of India vide Adjudication Order No.: Order/MC/VS/2022-23/15935-15937 dated April 11, 2022 disposed off the adjudication proceeding initiated against the Company vide Show Cause Notice dated May 7, 2021 for alleged violations of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("2015 PIT Regulations") and the SEBI Act, into trading in the scrip of the Company during August 08, 2018 to October 01, 2018.
- e) On December 06, 2021 there was an outage of our infrastructure and external facing websites. The Company thereby took immediate action by suspending access to protect its infrastructure and to identify the root cause. Upon Investigation, it was established that there was a targeted cybersecurity ransomware attack on the infrastructure of the Company. The Company took a measured approach in bringing its systems back and minimize any potential impact.

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

Place: Bengaluru

Date: May 30, 2022

UDIN: F007260D000425623

This report (i.e., Form No. MR-3) is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.



**'Annexure'**

To,

The Members,  
Subex Limited  
Pritech Park - SEZ  
Block -09, 4th Floor, B Wing  
Survey No. 51 to 64/4  
Outer Ring Road, Bellandur Village  
Varthur Hobli  
Bangalore – 560 103

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Due to Covid-19 pandemic situation, we have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing Secretarial Audit Report (Form No. MR-3).

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

Place: Bengaluru

Date: May 30, 2022

UDIN: F007260D000425623

Peer Review Certificate No.: 589/2019

**Secretarial compliance report of Subex Limited for the year ended March 31, 2022**

[Pursuant to Regulation 24A of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

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, 2022 ("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, 2018; (Not Applicable to the Company during the Review Period).
- (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, 2018 (Not Applicable to the Company during the Review Period).
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (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.
- (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not Applicable to the Company during the Audit Period).

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) The following are the details of actions taken against listed entity by Securities Exchange Board of India under aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sl. No.	Action taken by SEBI / Stock Exchanges	Details of violation	Details of action taken e.g., fines, warning letter, debarment etc.,	Observations/ remarks of the Practicing Company Secretary if any
1	SEBI had informed the Company vide SCN EAD5 / MC / VS / 2021 / 10069 / 1 dated May 07, 2021 for alleged violation of Clause 10 of Minimum Standard of Code of Conduct under Schedule B of Regulation 9(1) of SEBI PIT Regulations, 2015 by not disgorging the profit earned by Mr. Subash Menon through execution of Contra Trade and remit the same to the Board for Credit to the Investor Protection and Education Fund administered by the Board under the Act.	SEBI had alleged that the Company violated: 1. Clause 10 of Code of Conduct under Schedule B of Regulation 9(1) of SEBI (PIT) Regulations, 2015 2. Clause 10 of Code of Conduct under Schedule B of Regulation 9(1) of SEBI (PIT) Regulations, 2015 by granting relaxation to Mr. Subash Menon for executing the opposite transaction within six months of the previous transaction (i.e., Contra Trade) without recording in writing the reasons for grant of relaxation	1. The Company had denied the allegations and informed to SEBI that it is the Company in the first instance which prudently informed SEBI regarding the non-disclosure of the Transaction by the Promoters, as mandated by the SEBI PIT Regulations and Code of Conduct for prevention of Insider trading of the Company under Schedule B of Regulation 9(1) of the SEBI PIT Regulations. 2. The Compliance officer duly submitted detailed responses to the Investigating Officer Vide his letter dated January 30, 2020 clearly laying out grounds considered for providing the Pre-Clearance.  Adjudication proceedings were conducted on December 20, 2021 through video conferencing by WebEx and company represented the matter.  Securities Exchange Board of India vide Adjudication Order No.: Order / MC / VS / 2022-23 / 15935 - 15937 dated April 11, 2022 disposed off the adjudication proceeding initiated against the Company in connection with the Show Cause Notice dated May 7, 2021 for alleged violations of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("2015 PIT Regulations") and the SEBI Act, into trading in the scrip of the Company during August 08, 2018 to October 01, 2018.	It is the Company at first instance which prudently informed SEBI regarding non-disclosure by the promoters as per Regulation 7(2) of SEBI (PIT) Regulation, 2015.  The Company submitted detailed responses with respect to details sought by SEBI from time to time and informed its inability to disgorge the profits earned by Mr. Subash Menon through execution of Contra Trade and requested SEBI to kindly approach Mr. Subhash Menon directly in this matter.  Since SEBI vide its order no. Order / MC / VS / 2022-23 / 15935 - 15937 dated April 11, 2022 disposed off the adjudication proceedings initiated against the Company, hence this matter stands closed as on date.

(d) The listed entity was not required to take any actions as there was no observations made by the Practicing Company Secretary (Secretarial Auditors) in previous reports.

For V. SREEDHARAN & ASSOCIATES  
Company Secretaries

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

Place: Bengaluru

Date: 25.05.2022

UDIN: F007260D000386991

Peer Review Certificate No.: 589/2019

## Annexure- D

Particulars		
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	<b>Non-Executive Directors / Independent Directors</b>	<b>Ratio to the median remuneration</b>
	Mr. Anil Singhvi	1.21 : 1
	Ms. Nisha Dutt	1.21 : 1
	Ms. Poornima Prabhu	1.21 : 1
	Mr. George Zacharias	1.21 : 1
	<b>Executive Directors</b>	<b>Ratio to the median remuneration</b>
	Mr. Vinod Kumar Padmanabhan	43.55 : 1*
	Mr. Shiva Shankar Naga Roddam	43.52 : 1*
	<b>Note:</b>	
	* The remuneration paid also includes perquisites arising out of exercise of ESOPs.	
(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	<b>Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary</b>	<b>Percentage of increase in remuneration in the financial year</b>
	Mr. Anil Singhvi	Not applicable*
	Ms. Nisha Dutt	Not applicable*
	Ms. Poornima Prabhu	Not applicable*
	Mr. George Zacharias	Not applicable*
	Mr. Vinod Kumar Padmanabhan	Incomparable <sup>@</sup>
	Mr. Shiva Shankar Naga Roddam	Incomparable <sup>#</sup>
	Mr. Sumit Kumar	Not applicable <sup>§</sup>
	Mr. Venkatraman G S	Not applicable <sup>^</sup>
	Mr. G V Krishnakanth	77% <sup>§</sup>
<b>Note:</b>		
*Non-Executive Non-Independent and Independent Directors were not paid any remuneration except for commission for the FY 22.		
<sup>@</sup> Mr. Vinod Kumar Padmanabhan drew remuneration from Subex Limited and Subex Assurance LLP during the FY 21. The members at the 27 <sup>th</sup> AGM approved the re-appointment of Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Subex Limited for a period of 3 years with effect from April 01, 2021. Mr. Vinod Kumar Padmanabhan was paid a remuneration of ₹ 4,30,17,700 for the FY 22. The Remuneration paid also includes perquisites arising out of exercise of ESOPs.		
<sup>#</sup> The Board at its meeting held on February 01, 2021, changed the employment agreement of Mr. Shiva Shankar Naga Roddam from Subex Assurance LLP to Subex Limited and the same was approved by the members at its 27 <sup>th</sup> AGM. Mr. Shiva Shankar Naga Roddam was paid a remuneration of ₹ 4,29,84,455 for FY22.		
<sup>§</sup> Mr. Sumit Kumar has been appointed as Chief Financial Officer with effect from January 31, 2022		
<sup>^</sup> Mr. Venkatraman G S has resigned as Chief Financial Officer of the Company with effect from December 10, 2021		
<sup>§</sup> The entire percentage increase in the remuneration constitutes perquisites arising out of exercise of ESOPs		
(iii) the percentage increase in the median remuneration of employees in the financial year;	Incomparable.	
(iv) the number of permanent employees on the rolls of Company;	213 employees as on March 31, 2022	
(v) average percentiles 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;	Incomparable as 48% of employees got transferred from Subex Assurance LLP to Subex Ltd on January 1, 2021. Increase in remuneration paid to Managing Director & CEO and Whole- Time Director & COO is incomparable (Please refer point (ii) above).	
(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- E

## FORM AOC 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis	
1. Name(s) of the related party and nature of relationship	NOT APPLICABLE
2. Nature of contracts/ arrangements/ transactions	
3. Duration of the contracts/ arrangements/ transactions	
4. Salient terms of the contracts or arrangements or transactions including the value, if any	
5. Justification for entering into such contracts or arrangements or transactions	
6. Date(s) of approval by the Board	
7. Amount paid as advances, if any:	
8. Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2. Details of material contracts or arrangement or transactions at arm's length basis	
(a) Name(s) of the related party and nature of relationship	(a) Subex Technologies Limited (b) Subex (UK) Limited (c) Subex Americas Inc. (d) Subex (Asia Pacific) Pte Limited (e) Subex Inc. (f) Subex Middle East (FZE) (g) Subex Azure Holdings Inc (h) Subex Assurance LLP (i) Subex Digital LLP (j) Subex Bangladesh Private Limited  (All the aforementioned entities are subsidiaries of Subex Limited)
(b) Nature of contracts/ arrangements/ transactions	<p><b>A. Sub-Contracting Transactions</b></p> <ul style="list-style-type: none"> <li>• Subex (Asia Pacific) Pte. Ltd</li> <li>• Subex Inc.</li> <li>• Subex Middle East (FZE)</li> <li>• Subex Assurance LLP</li> <li>• Subex Digital LLP</li> </ul> <p><b>B. Marketing &amp; Support Services Expense Transactions</b></p> <ul style="list-style-type: none"> <li>• Subex (Asia Pacific) Pte. Ltd</li> <li>• Subex Inc.</li> <li>• Subex Middle East (FZE)</li> <li>• Subex (UK) Limited</li> <li>• Subex Assurance LLP</li> <li>• Subex Digital LLP</li> </ul> <p><b>C. Reimbursement of expenses</b></p> <ul style="list-style-type: none"> <li>• Subex (UK) Limited</li> <li>• Subex Middle East (FZE)</li> <li>• Subex (Asia Pacific) Pte Ltd</li> <li>• Subex Assurance LLP</li> <li>• Subex Digital LLP</li> <li>• Subex Inc.</li> <li>• Subex Americas Inc</li> </ul> <p><b>D. Allocation of Employee Stock option expenses</b></p> <ul style="list-style-type: none"> <li>• Subex Assurance LLP</li> <li>• Subex Digital LLP</li> </ul> <p><b>E. Share of profit/ (loss)</b></p> <ul style="list-style-type: none"> <li>• Subex Assurance LLP</li> <li>• Subex Digital LLP</li> </ul>

(c) Duration of the contracts/ arrangements/ transactions	The transactions mentioned in 2(b) above are continuing contracts.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	<p><b>A. Sub-Contracting Transactions</b> The subsidiary transfers a portion of the revenue generated by them to the ultimate holding Company</p> <p><b>B. Marketing &amp; Support Services Expense Transactions</b> The subsidiary transfers the cost incurred in earning the revenue to the ultimate holding Company</p> <p><b>C. Reimbursement of expenses</b> 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.</p> <p><b>D. Reimbursement of ESOP expenses</b> The holding company transfers the ESOP expense incurred on pertaining to ESOPs held by the employees of respective subsidiaries.</p> <p><b>E. Share of Profit/ (Loss)</b> Subex Assurance LLP and Subex Digital LLP transfers share of profit/ (loss) incurred during the year to the respective partners as per the partnership deed.</p> <p>The details pertaining to the value of transactions, form part of the Related Party Schedule to the Standalone Financial Statements. (Note 31)</p>
(e) Date(s) of approval by the Board, if any:	May 30, 2022
(f) Amount paid as advances, if any:	NA

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589

Place: Bengaluru  
Date : May 30, 2022

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872

Place: Bengaluru  
Date : May 30, 2022

## ANNEXURE- F

## 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. The Subex Charitable Trust is our primary social responsibility trust. The objectives are enabling education of eligible students from financially weaker sections of society, vocational training for women, amongst others.

## 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 Policy is available on <https://www.subex.com/investors/shareholder-services/>.

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/social-responsibility/>

## 1. CSR COMMITTEE &amp; ITS COMPOSITION

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, 2021 and the Committee meets as and when required. The details of the composition of the Committee and the CSR Policy of the Company are available under <https://www.subex.com/investors/shareholder-services/>.

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Anil Singhvi (Chairman)	Non-Executive, Non-Independent Director	0	N.A.
2	Ms. Nisha Dutt	Independent Director	0	N.A.
3	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO	0	N.A.
4	Mr. Shiva Shankar Naga Roddam	Whole-Time Director & COO	0	N.A.

1. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.  
Not applicable
2. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any  
Not applicable
3. Average net profit of the Company as per section 135(5): Not applicable, as the Company has incurred a loss during the preceding 3 financial years.
4. (a) Two percent of average net loss of the company as per section 135(5) : Not Applicable  
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL  
(c) Amount required to be set off for the financial year, if any: NIL  
(d) Total CSR obligation for the financial year (4a+4b+4c): ₹ NIL. for FY 2021-22:

5. (a) CSR amount spent or unspent for the financial year: NIL

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer
	Not applicable				

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes /No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration no
Not applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (6b+6c+6d+6e): Not applicable

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net loss of the company as per section 135(5)	Not applicable, as the Company has incurred a loss during the preceding 3 financial years
(ii)	Total amount spent for the Financial Year	Not applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not applicable
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Not applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not applicable

6. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer	
1	Not applicable						
2							
3							
4							



(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

1	2	3	4	5	6	7	8	9
Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
1	Not applicable							
2								
3								
	TOTAL							

7. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): Not applicable

(b) Amount of CSR spent for creation or acquisition of capital asset.: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):.NA

8. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company has incurred losses during the preceding 3 financial years; hence it is not mandatory to incur an expenditure on CSR activities.

<p>For Subex Limited</p> <p>Anil Singhvi Chairman- CSR Committee DIN:00239589 Place: Bengaluru</p>	<p>For Subex Limited</p> <p>Vinod Kumar Padmanabhan Managing Director &amp; CEO DIN:06563872 Place: Bengaluru</p>
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Note: The Company has incurred losses during the preceding 3 financial years. Though it is not mandatory to incur any expenditure on CSR activities, the SCT has undertaken and contributed towards certain activities. Please refer page 33 of the Annual Report for details.

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Ideology of Corporate Governance is based on fairness, openness, professionalism, accountability and focus on the sustainable success of the Company and building confidence of its various stakeholders, thereby paving a way for long term growth. The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. Therefore, situation, performance, ownership and governance of the Company are equally important with respect to the structure, activities and policies of the organization. Subex Limited's ("Subex / the Company") compliance with the Corporate Governance guidelines as stipulated by the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR), Regulations, 2015"] is described in this section.

For the success of the organisation, we believe it requires highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our stakeholders, our people and our business partners. These principles have been the guiding force for our operations which we will endeavor in years to come.

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 and has always ensured transparency to stakeholders. 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 on March 31, 2022, unless otherwise stated. Material changes and events between the end of the financial year and date of the report are provided wherever required.

## II. BOARD OF DIRECTORS

The Board of the Company is formed with an optimum combination of Executive and Non-Executive Directors, which not only meet the legal obligation but also make a diversified Board with a mixed blend of experiences, expertise, and professionals. As on March 31, 2022, the Board of Directors of Subex Limited comprises of six directors out of which two are Executive Directors, three are Independent Directors and one Non- Executive Director. 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. The Chairman of the Board is Non-Executive Director and is not related to the Managing Director & Chief Executive Officer ("CEO") of the Company.

### Director's Profile:

The Board of Directors is composed of highly renowned professionals drawn from diverse fields, who bring with them wide range of skill and experience to the Board, which enhances the quality of the Board's decision making process.

The brief profile of the Company's Board of Directors is as under:

**Mr. Anil Singhvi**, Chairman, Non-Executive & Non-Independent Director is a Chartered Accountant and has over three decades of experience in the corporate sector and has rich expertise in financial, strategic planning for business and related aspects. Apart from Subex Limited he is also on the board of reputed companies like Shree Digvijay Cement Co. Limited, IDFC Limited, Assets Care & Reconstruction Enterprise Limited to name a few.

**Mr. Vinod Kumar Padmanabhan**, Managing Director & CEO has over two decades of experience in the corporate world and has spearheaded several initiatives that helped the Company engage with its customer as a long-term strategic partner. He is also involved in the field of Sales, customer interaction and negotiation wherever 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 Bachelor of Arts and a Law degree and provides her valuable advice to the Board and assists in the decision making related to the Legal and Governance aspects. She has served at Lodha Ventures Holdings Pvt Ltd., as Head – Legal and as Of Counsel at J. Sagar Associates. She has rich experience in corporate law, including mergers and acquisitions, divestment and litigation settlement. She has been instrumental on Board and helps to ensure the good governance aspect with respect to conduct of Board meetings by giving valuable suggestions to major decision making aspects of the Board and Committees.

**Ms. Nisha Dutt**, Independent Director holds a Master's in Business Administration 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 Intellectap and was responsible for front- ending the conceptualization programmes.

**Mr. George Zacharias**, Independent Director has over three decades of diverse and successful work experience. He holds a graduate degree in Chemical Engineering and a PG Diploma in Business Management. He has worked with reputed companies across and assists the management in decision making process concerning with the business strategy and operational matters. He has served on reputed companies like Yahoo! Netherlands B.V., Mindtree Ltd to name a few and is currently serving as an Independent Director on the Board of Matrimony.com.

**Mr. Shiva Shankar Naga Roddam** is the Whole-Time Director & Chief Operating Officer and is responsible for Sales, Marketing, Engineering & Delivery of Subex Group. He has over two decades of experience in Telecommunications, Cloud and PaaS. He comes with extensive international experience and ability to scale businesses in competitive environments, particularly around the SaaS space. He holds a degree in Business Management with specialization in Sales & Marketing. He has been instrumental in bringing great business deals and has added value to the Company.

#### Details of appointments / re-appointments:

- i. The members at the 27<sup>th</sup> AGM approved the re-appointment of Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company for a period of 3 years with effect from April 01, 2021.

- ii. The members at the 27<sup>th</sup> AGM approved the revision in terms of appointment of Mr. Shiva Shankar Naga Roddam with effect from February 01, 2021.
- iii. Based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on May 30, 2022, approved the re-appointment of Ms. Poonima Prabhu as an Independent Directors for a further period of 5 years with effect from July 28, 2022. Her re-appointment is being placed before the members for their approval, at this 28<sup>th</sup> AGM.

#### A. Board Process:

The Board meets at regular intervals or atleast once in each quarter to discuss and decide on Company / Business policy and strategy apart from other Board business specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board / Committee Meetings are pre-scheduled and informed to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The agenda items along with notes and information thereto (except for the price sensitive information, which is either placed at the meeting or sent just before meeting) as provided in Secretarial Standard (SS-1) on "Meeting of the Board of Directors" read with SEBI (LODR) Regulations, 2015 and Companies Act, 2013 ("Act"), are circulated to all Board Members well in advance before the Board Meetings. Additional agenda in the form of 'Other Business' are included with the permission of the Chairman and with the consent of the majority of the Independent Directors present at the meeting.

#### B. Details of attendance of Board of Directors and other directorship/committee positions, etc as on March 31, 2022:

Director	Position & Category	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	Directorships <sup>^</sup> held in other public companies	No. of Committees in Which the Director is Chairman #	No. of Committees in Which the Director Is Member #
Mr. Anil Singhvi	Chairman, Non-Executive & Non-Independent Director	5	5	Yes	5	2	3
Mr. Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer [Executive/ WTD]	5	5	Yes	1	-	-
Ms. Nisha Dutt	Independent Director	5	5	Yes	-	-	-
Ms. Poonima Prabhu	Independent Director	5	4	Yes	-	-	-
Mr. George Zacharias	Independent Director	5	5	Yes	1	-	1
Mr. Shiva Shankar Naga Roddam	Whole-Time Director & COO [Executive/ WTD]	5	5	Yes	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	IDFC Limited	Non-Executive, Independent Director
	Shree Digvijay Cement Co Limited	Executive, Non-Independent Director
Ms. Nisha Dutt	Nil	Nil
Ms. Poornima Prabhu	Nil	Nil
Mr. George Zacharias	Matrimony.com Limited	Non-Executive, Independent Director
Mr. Shiva Shankar Naga Roddam	Nil	Nil

Notes:

^ For the purpose of reckoning Directorship /Committees position on which a Director can serve, all public limited companies, whether listed or not, have been included and all other companies including Subex Limited, private limited companies, foreign companies, and companies under Section 8 of the Companies Act, 2013, have been excluded.

# For the purpose of considering the limit of Committee membership and chairpersonship of a director, membership and chairpersonship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Excludes the membership & chairpersonship in Subex Limited.

\*\* Regulation 17A of the Listing Regulations provides for the inclusion of only equity listed entities for reckoning the directorship in the listed entity, hence directorships held in debt listed entities have not been considered for reporting as above

**C. Number and Dates of Board Meetings**

Details of meetings of the Board held during the financial year 2021-22 are as follows:

Sl. No	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2021-22	May 17, 2021
2.	No. 2/2021-22	August 09, 2021
3.	No. 3/2021-22	September 03, 2021
4.	No. 4/2021-22	October 28, 2021
5.	No. 5/2021-22	January 31, 2022

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

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

**E. Details of Shareholding of Executive and Non- Executive Directors:**

Name of the Director	No. of Shares Held as at March 31, 2022	% of equity
Mr. Anil Singhvi	60,000	0.011
Ms. Nisha Dutt	NIL	NA
Ms. Poornima Prabhu	NIL	NA
Mr. Vinod Kumar Padmanabhan	5,44,095	0.097
Mr. George Zacharias	NIL	NA
Mr. Shiva Shankar Naga Roddam	5,00,000	0.089

There are no convertible instruments held by the Executive and Non-Executive directors of the Company.

**F. Term of Board Membership and Selection process**

The Board, on recommendations of the Nomination & Remuneration Committee of the Board ["NRC"], considers the appointment and reappointment of Directors. Section 149(10) of the Companies Act, 2013, provides that an Independent Director shall hold office up to five consecutive years on the Board of a

Company, not liable to retire by rotation, and shall be eligible for re-appointment for a further term at a maximum of five years on passing of a special resolution by the Shareholders. Section 152 of the Companies Act, 2013, states that one-third of the Board members other than Independent Directors who are subject to retire by rotation, shall retire every year and are eligible for re-appointment, if approved by the Shareholders. The Non-Executive & Non-Independent Directors including Managing Director & Chief Executive Officer of the Company are liable to retire by rotation and eligible for re-appointment, if approved by the Shareholders.

Recommending any new member on the Board is the responsibility of the NRC which consists of a majority of Independent Directors. Given the existing composition of the Board, the tenure as well as the years left of the existing members to serve on the Board, and the need for new domain expertise is reviewed by the NRC for the appointment of new member on the Board. When such a need becomes apparent, the NRC reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds, and their ability to attend meetings in India. It then places the details of shortlisted candidates to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director of the Company and subject to the approval of Shareholders at the next general meeting they are appointed as a Director of the Company either as Independent Director / Non-Executive & Non-Independent Director / Executive Director as the case may be.

**G. 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. Details of the familiarization programme imparted to independent directors can be accessed at <https://www.subex.com/shareholder-services/>.

#### Core Skills/Expertise/Competencies of the Board of Directors.

The Board of Directors 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 Board's decision-making process.

The following are the core skills, expertise and competencies for effective functioning of the Company which are currently available with the Board:

Competencies / Skills	Description
Finance and Governance	Financial management, Capital allocation, accounting, financial reporting, Compliance, best practices in governance, ethics and values to enhance the value of the stakeholders
Strategy	Management decisions, branding, operational integration, understanding diverse business environments, economic conditions and regulatory framework
Sales and marketing	Developing strategies for increasing market share, Sales growth, expanding global markets and enhance reputation of the organisation
Personnel and Leadership	People practices and policies, geographic, cultural and economic conditions and driving strengths and talent, succession planning, risk management and long-term growth.

The details of Directors of the Company who possess those skills/expertise/competencies are as given below:

Skills/ expertise/ competencies	Anil Singhvi	Nisha Dutt	Poornima Prabhu	Vinod Kumar Padmanabhan	George Zacharias	Shiva Shankar Naga Roddam
Finance - Financial management, Capital allocation, accounting, financial reporting	✓	✓	-	✓	-	✓
Governance - best practices in governance, ethics and values	✓	✓	✓	✓	✓	✓
Strategy - operational integration, understanding diverse business environments, economic conditions	✓	✓	✓	✓	✓	✓
Decision making - Management decisions, branding	✓	✓	-	✓	✓	✓
Sales and marketing	✓	-	-	✓	-	✓
Personnel and Leadership	✓	✓	✓	✓	✓	✓

#### H. Independent Directors and Declaration of Independence

As on date, the Company has three Independent Directors including two Women Independent Directors on the Board. All the Independent Directors satisfy the criteria of Independence as laid down in the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015.

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective profession, and who can effectively contribute to the Company's business and policy decisions are considered by the NRC of the Company, for appointment as Independent Director on the Board. The NRC, inter alia, considers skills, qualifications, positive attributes, area of expertise, number of Directorship(s) and Membership(s) held in other companies by such persons, in accordance with Company's policies on selection of Directors.

In terms of Regulation 25(8) of Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. All Independent Directors have given declarations that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and

Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of the Act and that they are independent of the management.

#### I. Directors Remuneration

The Company has a policy for the remuneration of Directors including Independent Directors. The remuneration policy lays down principles and parameters to ensure that remunerations are competitive, reasonable, and in line with corporate and individual performance. The Executive Director is appointed by Shareholders' resolution which includes their remuneration to be paid to them which is in line with the statutory requirements and Company's policies. The annual remuneration is recommended by the Nomination & Remuneration Committee to the Board for its consideration. While recommending the remuneration, the committee also takes into account corporate performance in a given year and individual performance parameters. The remuneration is within the limits approved by Shareholders. Perquisites and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all

employees. Independent Directors are entitled to receive sitting fees and reimbursement of any expenses for attending meetings of the Board and its Committees. The Remuneration paid by the Company is in conformity with the provisions of the Companies Act, 2013, and has been considered and approved by the Board and the Shareholders. The Company has not granted any stock options to Independent Directors.

The members at the 27<sup>th</sup> AGM of the Company approved the payment of remuneration by way of commission to Non-Executive and/Independent Directors a sum not exceeding 1% per annum of the net profits of the Company. In any financial year, if the company has no profits or its profits are inadequate, the company can pay remuneration to its Non-Executive and/Independent Directors in accordance with Part II, Section II of Schedule V.

Details of the remuneration paid to the Directors (Executive/Non-Executive/Independent Directors) as required under the SEBI (LODR) Regulation, 2015 as well as under the Companies Act, 2013 are provided as part of this report.

### 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. Ms. Nisha Dutt, Chairperson of the Audit Committee was present at the 27<sup>th</sup> Annual General Meeting. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, the Senior Management, the Statutory Auditors and the Internal Auditors are invited to attend all the meetings of 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 Rs.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 Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
29. Considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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

## B. Composition of the Audit Committee as on March 31, 2022

Sl. No	Name of the Director	Category
1.	Ms. Nisha Dutt (Chairperson)	Independent Director
2.	Mr. Anil Singhvi	Non-Executive & Non- Independent Director
3.	Ms. Poornima Prabhu	Independent Director
4.	Mr. George Zacharias	Independent Director

## C. Meetings and Attendance of the Committee during the Year

During the financial year 2021-22, the following meetings of the Audit Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/ 2021-22	May 17,2021*
2.	No. 2/ 2021-22	August 09, 2021*
3.	No. 3/ 2021-22	October 28, 2021 *
4.	No. 4/ 2021-22	January 31, 2022*

\*dates on which the Quarterly/Half Yearly/Year ended results for the financial year 2021-22 were considered.

The Attendance of the directors at the Audit Committee Meetings during the Financial Year 2021-22 are as follows:

Name of the Director	No. of Audit Committee Meetings Held	No. of Audit Committee Meetings Attended
Ms. Nisha Dutt (Chairperson)	4	4
Mr. Anil Singhvi	4	4
Ms. Poornima Prabhu	4	3
Mr. George Zacharias	4	4

The minutes of the meetings of the Audit Committee are placed before and noted by the Board. All recommendations made by the Audit Committee were accepted by the Board of Directors of the Company during the financial year 2021- 2022.

## 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. The Nomination & Remuneration Committee comprises of three directors out of which two are Independent directors including chairperson and one is Non- Executive & Non- Independent director.

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 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 (LODR) Regulations, 2015, 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/investors/shareholder-services/>.

#### B. Composition of the Nomination & Remuneration Committee as on March 31, 2022 is as follows:

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

#### C. Meetings and Attendance of the Committee during the Year

During the financial year 2021-22, the following meetings of the Nomination & Remuneration Committee are held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/ 2021-22	May 17, 2021
2.	No. 2/ 2021-22	October 28, 2021
3.	No. 3/ 2021-22	January 31, 2022

Ms. Poornima Prabhu, Chairperson of the Nomination & Remuneration Committee was present at the 27<sup>th</sup> Annual General Meeting.

Attendance of the members of the Nomination & Remuneration Committee meetings during the Financial Year 2021-22 were as follows:

Name of the Director	No. of Nomination & Remuneration Committee Meetings Held	No. of Nomination & Remuneration Committee Meetings Attended
Ms. Poornima Prabhu	3	2
Mr. Anil Singhvi	3	3
Ms. Nisha Dutt	3	3

The minutes of the meetings of the Nomination and Remuneration Committee are placed before and noted by the Board. All recommendations made by the Nomination and Remuneration Committee were accepted by the Board of Directors of the Company during the financial year 2021-2022.

#### D. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the directors individually, as well as the evaluation of all the Committees of the Board. 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.

#### E. Remuneration Policy

The Remuneration Policy provides the framework to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives. The Remuneration policy is devised in accordance with Section 178(3) and (4) of the Companies



Act, 2013 and is available on the website of the Company at <https://www.subex.com/investors/shareholder-services/>. The Company follows a compensation mix of fixed pay, benefits and performance-based variable pay and sharing of wealth through the Company's stock options. Individual performance pay is determined by combination of individual and business performance of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives (variable component) to its Executive Directors and Key Managerial Personnel.

## F. REMUNERATION OF DIRECTORS

### Pecuniary relationships or transactions

During the year under review, there was no pecuniary relationship or transactions between the Company and any of its Non-Executive Directors apart from sitting fees, commission and reimbursement of expenses incurred by them to attend the meetings of the Company.

### Non-Executive Directors' compensation and disclosures

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board and Committees of the Board. During the year under review, the Company paid the sitting fee to Non-Executive Director for attending meetings of the Board, Audit, Nomination and Remuneration, Stakeholders Relationship and Risk Management Committee.

In compliance with the provisions of the Act and SEBI (LODR) Regulations, 2015, the Non-Executive Directors including Independent Directors are also paid a commission, the amount whereof is recommended by the NRC and approved by the Board. The shareholders of the Company at its 27<sup>th</sup> Annual General Meeting held on July 9, 2021, had approved payment of commission to the Non- Executive Directors of the Company for each year commencing from financial year 2021. No Stock option has been granted to the Non-Executive Directors.

The details of the Commission and sitting fees paid/ payable to Non-Executive Directors for FY 2021-22 are given below:

(₹ in Lakhs)

Name of the Director	Sitting fees	Commission <sup>#</sup> (Relating to FY 2021-22)
Mr. Anil Singhvi	18.00	11.00
Ms. Nisha Dutt	14.00	9.00
Ms. Poonima Prabhu	13.00	7.00
Mr. George Zacharias	11.00	9.00

<sup>#</sup> The Board at its meeting held on May 30, 2022 approved an amount of ₹ 36 lakhs be paid to the Independent Director and Non- Executive Director as Commission for the Financial year 2022.

### Remuneration of Executive Directors:

The compensation paid to the Executive Directors were within the limits approved by the Shareholders. The elements of the total compensation are approved by the Nomination & Remuneration Committee within the overall limits specified under the Companies Act, 2013. The elements of compensation

of the Executive Directors include the fixed compensation, variable compensation in the form of annual incentive, benefits, work related facilities and perquisites. The Nomination & Remuneration Committee determines the annual variable pay compensation in the form of annual incentive and annual increment for the Executive Directors based on Company's and individual's performance as against the pre agreed objectives for the year.

Details of Remuneration of Executive Directors during the year are given below:

(₹ in Lakhs)

Particulars of Remuneration	Mr. Vinod Kumar Padmanabhan	Mr. Shiva Shankar Naga Roddam
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	186.97	90.87
Allowances and perquisites	234.56	335.02
Contribution to Retiral Funds	8.64	3.96
Total	430.17	429.85
Options Granted during the year	Nil	Nil
Options exercised during the year	5,00,000	6,50,000
No. of Shares held (as on March 31, 2022)	5,44,095	5,00,000
Term of Service Contract	From April 01, 2021 till March 31, 2024	From February 01, 2021 till February 06, 2023
Notice Period	3 months	3 months

Notes:

- Salary includes fixed pay and performance linked variable pay
- In view of no profits / inadequate profit as computed in accordance with Section 198 of the Act, the Managing Director and CEO/ Whole-time Director and COO have been paid remuneration in accordance with Part II of Section II of Schedule V of the Act for the year ended March 31, 2022.
- Remuneration includes value of perquisites arising out of the exercise of employee stock options
- The retirement benefit shall include benefits such as provident fund and gratuity.

## G. DIRECTORS AND OFFICERS INSURANCE

Pursuant to requirement under Regulation 25(10) of SEBI (LODR) Regulations, 2015, the Company has undertaken Directors and Officers Insurance ('D and O' insurance) for all its Directors, including Independent Directors for such quantum and risks as determined by the Board of Directors of the Company.

## H. 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/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings 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 acts as secretary of the Committee in addition to being the Compliance Officer of the Committee.

#### A. Composition of the Stakeholders Relationship Committee as on March 31, 2022:

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

#### B. Meetings and Attendance of the Committee during the Year

During the financial year 2021-22, the following meetings of the Stakeholders Relationship Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2021-22	May 17, 2021
2.	No. 2/2021-22	August 09,2021
3.	No. 3/2021-22	October 28, 2021
4.	No. 4/2021-22	January 31, 2022

Attendance of the Directors at the Stakeholders Relationship Committee Meetings for the Financial Year 2021-22 are 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. Poornima Prabhu	4	4
Mr. Vinod Kumar Padmanabhan	4	4

Mr. Anil Singhvi, Chairman of the Committee attended the last Annual General Meeting of the Company held on July 9, 2021, and addressed the queries of the shareholders. 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 ended March 31, 2022 are as follows:

Name of the Non-Executive Director heading the Committee	Mr. Anil Singhvi, Chairman, Non- Executive and Non-Independent Director
Name and designation of the Compliance Officer	Mr. G V Krishnakanth, Company Secretary
Number of shareholders complaints pending at the beginning of the year	3
Number of shareholders complaints received during the year	166

Number of shareholders complaints redressed during the year.	169
Number of shareholders complaints not solved to the satisfaction of the shareholders	0
Number of shareholders complaints pending at end of the year	00*

#### I. ESOP COMMITTEE (Compensation Committee)

During the financial year 2018-19, the 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.

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

#### J. CORPORATE SOCIAL RESPONSIBILITY 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:

- 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;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

#### A. Composition of the CSR Committee as on March 31, 2022

Sl. No	Name of the Director	Category
1	Mr. Anil Singhvi (Chairman)	Non-Executive & Non-Independent Director
2	Ms. Nisha Dutt	Independent Director
3.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
4.	Mr. Shiva Shankar Naga	Whole-Time Director & COO

#### B. Meetings and Attendance of the Committee during the Year 2021-22:

There were no meetings of the Committee held during the financial year under consideration.

Pursuant to the provisions of Section 198 of the Companies Act, 2013, the Company has incurred losses during the preceding three financial years and hence no amounts were required to be allocated / contributed for undertaking CSR activities.

The Company had voluntarily constituted a Corporate Social Responsibility Committee although the criteria under section 135 of Companies Act, 2013 was not met and the Subex Charitable Trust (SCT) was voluntarily set up to undertake welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. The details of the activities conducted during the year, have been provided in a separate section in this Annual Report as 'Annexure G' to the Board's Report.

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

#### K. 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. Terms of Reference

The Roles and responsibility of the Risk Management Committee has, inter alia, the following mandate as prescribed under Part D of Schedule II of The SEBI (LODR) Regulations, 2015 :

1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To monitor and review risk management plan and such other functions as it may deem fit including cyber security.
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

#### B. Composition of the Risk Management Committee as on March 31, 2022

Sl. No	Name of the Director	Category
1.	Mr. Anil Singhvi (Chairman)	Non-Executive & Non-Independent Director
2.	Ms. Nisha Dutt	Independent Director
3.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
4.	Mr. George Zacharias	Independent Director

#### C. Meetings and Attendance during the Year

During the financial year 2021-22, the following meetings of the Risk Management Committee were held

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2021-22	October 28, 2021
2.	No. 2/2021-22	December 27, 2021

Name of the Director	No. of Risk Management Committee Meetings Held	No. of Risk Management Committee Meetings attended
Mr. Anil Singhvi	2	2
Ms. Nisha Dutt	2	2
Mr. Vinod Kumar Padmanabhan	2	2
Mr. George Zacharias	2	2

## L. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met once on March 02, 2022, inter alia, to:

- Review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairperson of the listed entity, taking into account the views of Executive Directors and Non-Executive Directors;
- 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.

## M. GENERAL BODY MEETINGS

### A. Location and Time of the Last Three AGMs

Year	Date of AGM	Venue	Time
2018-19	July 04, 2019	"The Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru-560 001	2:00 PM
2019-20	September 25, 2020	Video Conference/Other Audio-Visual Means (Deemed Venue is at the Registered Office of the Company situated at Pritech Park - SEZ, Block-09, 4th Floor, B Wing, Sy No. 51-64/4, ORR, Bellandur Vlg, Varthur Hobli, Bangalore- 560103 )	3:00 PM
2020-21	July 09, 2021	Video Conference/Other Audio-Visual Means (Deemed Venue is at the Registered Office of the Company situated at Pritech Park - SEZ, Block-09, 4th Floor, B Wing, Sy No. 51-64/4, ORR, Bellandur Vlg, Varthur Hobli, Bangalore- 560103)	11.00 AM

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

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolutions pertaining to
July 04, 2019	1	Provision of interest free loan by the Company for purchase of its own shares by the Trust/Trustees for the benefit of Employees under the Subex Stock Option Scheme 2018
September 25, 2020	2	1. Appointment of Ms. Nisha Dutt as an Independent Director of the Company 2. Appointment of Mr. Shiva Shankar Naga Roddam as a Whole-Time Director of the Company
July 09, 2021	3	1. Revision in terms of appointment of Mr. Shiva Shankar Naga Roddam as a Whole-Time Director of the Company 2. Re-appointment of Mr. Vinod Kumar Padmanabhan as Managing Director & CEO of the Company 3. Payment of remuneration to the independent & non-executive directors by way of commission

### B. Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during FY 2021-22

### C. Postal Ballot during year 2021-22

The Company had sought approval of shareholders through Postal Ballot pursuant to Section 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 during the financial year 2021-22 for the following businesses:

#### Resolution No. 1: Approval for transfer of RMS business from Subex Assurance LLP to the Company

The Notice of Postal Ballot was approved by the Board of Directors at their meeting held on October 28, 2021.

The Company had appointed Mr. Biswajit Ghosh, (FCS Membership No. 8750 and Certificate of Practice No. 8239), Partner, BMP & Co., LLP, Practicing Company Secretaries, as the Scrutinizer and Mr. Pramod S.M. (Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries, as an alternate scrutinizer to Mr. Biswajit Ghosh, for conducting the meeting only through the electronic voting process, in a fair and transparent manner.

The Company proposed to have the special resolution passed through Postal Ballot for the purpose of Approval for transfer of RMS business from Subex Assurance LLP to the Company through e-voting procedure, which commenced on January 25, 2022 and concluded on February 23, 2022, in accordance with the MCA General Circular No. 14/2020 dated April 08, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June, 23, 2021 and General Circular No. 20/2021 dated December 8, 2021 ("MCA Circulars"), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI / HO / CFD /CMD2 /CIR/P/2021/11 dated January 15, 2021, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India and other applicable, laws, rules and regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and as amended from time to time).

In compliance with the requirements of the MCA Circulars, hard copies of the Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope were not sent to the members for this Postal Ballot and members were required to communicate their assent or dissent through the remote e-voting system only. Please refer notice of the postal ballot under <https://www.subex.com/investors/investor-information/> for the Postal ballot notice and the procedure for e-voting.

The results of the Postal Ballot, including the E-Voting are as follows:

Resolution No.	Particulars	Total Number of shares voted	Voted in favour	Voted against	Percentage (in favour)	Result
1	Approval for transfer of RMS business from Subex Assurance LLP to the Company	38700247	36176927	2516108	93.50	Passed with Requisite Majority

The required resolution was approved with requisite majority, the results were displayed on the website of the Company and necessary disclosures were made to the Stock Exchanges.

## N. MEANS OF COMMUNICATION

### A. Annual/Half Yearly and Quarterly Results

The annual audited /half yearly & quarterly un-audited results are generally published in all editions of Financial Express/ Business Standard (English) and Vishwavani (Kannada). The complete financial statements are posted on the Company's website <https://www.subex.com/> (click on investors/announcement-filing/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 email addresses provided by them and made available to us by the Depositories. The Company during the said financial year 2021-22, had scheduled the Investor calls to discuss on the Earnings of the Company for relevant quarters which were scheduled on May 19, 2021, August 10, 2021, October 29, 2021 and February 01, 2022 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 Management of the Company has interacted with Analysts and the details of the same are available on the website under the link <https://www.subex.com/investors/announcement-filing/#investor-analyst-call>. The transcripts pertaining to the Earning's call held during the year are uploaded on the Company's website under the link <https://www.subex.com/investors/announcement-filing/#investor-analyst-call> (click on investors/announcement-filing/investor-analyst-call). Pursuant to General Circular No's.14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 08, 2020, April 13, 2020, May 05,

2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively, issued by the Ministry of Corporate Affairs ("collectively MCA Circulars") and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022, respectively, issued by the Securities & Exchange Board of India ("SEBI Circulars"), companies have been allowed to hold AGM during the period up to December 31, 2022 Video Conferencing or Other Audio Visual Means ("VC/OAVM"). The said MCA Circulars and SEBI Circulars have dispensed with the requirement of printing and dispatch of annual reports to shareholders. Relaxation has been provided up to December 31, 2022 from Regulation 36(1) (b) of SEBI (LODR) Regulations, 2015, which requires sending hard copy of annual report containing salient features of all the documents prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses. However, in terms Regulation 36(1)(c) of SEBI (LODR) Regulations, 2015, the Company shall to send hard copy of full annual report to those shareholders who request for the same.

To support the "Green Initiative in Corporate Governance", an initiative taken by the MCA, the Company has decided to send soft copies of Annual Report 2021-22 (including AGM Notice) to those shareholders whose email addresses are registered with the Depository Participants and / or with the Company's Registrars & Transfer Agents.

In terms of the MCA Circulars and SEBI Circulars, the Company has taken measures to allow Members to vote through the mechanism of e-voting or other electronic modes in accordance with the provisions of the Companies Act, 2013 and rules made thereunder, without holding a AGM that requires physical presence of Members at a common venue.

With respect to detailed procedure for Remote e-voting or voting through electronic mode and attending the AGM through VC/OAVM, please refer the Notes and Instructions annexed to Notice of the 28<sup>th</sup> AGM

## O. DISCLOSURES

### A. RELATED PARTY TRANSACTIONS

All transactions entered 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 Ind AS has been made in 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/investors/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 their independence. The Company has received the relevant declarations in this regard from its Independent Directors of the Company.

### B. Disclosure by listed entity and its subsidiaries of "Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount":

There were no loans and advances provided to firms/ companies in which Directors are interested.

### C. COMPLIANCE WITH ACCOUNTING STANDARD

In the preparation of the financial statements, the Company has followed and adopted all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 (IND AS) specified under Section 133 of the Companies Act, 2013 read with relevant Rules made thereunder and other recognized accounting policies and practices. The Significant Accounting Policies which are consistently applied and followed by the Company to the extent applicable have been set out in the Notes to the Financial Statements.

### D. INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Prohibition of Insider Trading Regulations'), the Company has formulated and adopted the 'Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information' ('Code').

The said Code is applicable to all the Designated Persons, their immediate relatives, and subsidiaries of the Company, requires pre-clearance for dealing in the Company's shares and prohibits trading in securities of the Company while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Code has also been uploaded on the Company's website and can be accessed at <https://www.subex.com/investors/shareholder-services/>.

Pursuant to the above, the Company has put in place adequate and effective system of internal controls to ensure compliance

with the requirements of the Prohibition of Insider Trading Regulations.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

### E. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY THE STOCK EXCHANGES, SEBI OR ANY STATUTORY AUTHORITY ON ANY MATTER RELATED TO CAPITAL MARKETS

The Company has complied with all the requirements of the SEBI (LODR) Regulations, 2015 as well as regulations and guidelines of SEBI. There has been no non-compliance by the Company on any matter related to Capital Markets during the last three years. No penalties or strictures have been imposed on the Company by SEBI, Stock Exchanges or any statutory authority during last three years relating to capital markets

### F. VIGIL MECHANISM AND WHISTLE BLOWER MECHANISM

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.

Adequate safeguards have been provided in the policy to prevent victimization of anyone who is using this platform and direct access to the Chairperson of the Audit Committee at [whistleblower@subex.com](mailto: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 available on the website of the Company at <https://www.subex.com/investors/shareholder-services/>.

### G. 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/investors/shareholder-services/>.

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

### H. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES/LIQUIDITY

The Company does not deal in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable. The Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company follows a currency hedging policy to limit impact of exchange volatility on net receivables. Hedging strategies are decided and monitored periodically by

the Risk Management Committee of the Board convened on a regular basis.

**I. 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 2021-22.

**J. 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 1.

**K. 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 2.

**L. 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 M/s. S.R. Batliboi & 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, 2022, is as follows:

(₹ in Lakhs)

Fees for audit and related services paid to S.R. Batliboi & Associates LLP	96
Other fees paid to S.R. Batliboi & Associates LLP and Affiliate firms and to entities of the network of which the statutory auditor is a part.	28
Total fees	124

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

The Company has an Internal Complaints Committee ("the ICC") 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 did not receive any complaints.

**N. 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 workplace, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

During the said Financial year there were no changes made to the Code. All the members of the Board and the Senior Management Personnel have affirmed compliance to the Code, as at March 31, 2022. A declaration to this effect, signed by the Managing Director & CEO forms part of this report as Annexure 3. The Code has been posted on the Company's website under the link <https://www.subex.com/investors/shareholder-services/>.

**O. RECOMMENDATION OF THE COMMITTEES**

The minutes of the meetings of all the Committees are placed before and noted by the Board. There were no instances in the financial year 2021-22, where the Board had not accepted any recommendations of any Committees of the Board which is mandatorily required.

**P. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis is presented in a separate section forming part of the Annual Report.

**Q. GENERAL SHAREHOLDER INFORMATION**

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

**R. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS AND PRACTISING COMPANY SECRETARIES CERTIFICATE**

The Company has complied with disclosure requirements, wherever applicable, as specified in clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015 and Regulation 17 to 27 of SEBI (LODR) Regulations, 2015.

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.

#### S. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS

The Company is compliant with all the mandatory requirements of SEBI (LODR) Regulations, 2015 for the financial year 2021-22.

The following non-mandatory requirements under Part E of Schedule II of SEBI (LODR) Regulations, 2015 to the extent they have been adopted are mentioned below:

##### A. The Board

The Company appointed Mr. Anil Singhvi, Non- Independent Director (Non-Executive & Non-Independent Director w.e.f. June 18, 2020) as the Non-Executive Chairman of the Company at its meeting held on May 25, 2017. The Company reimburses the expenses incurred by the Chairman for discharge of his

duties that are attributable to the Company on a regular basis pursuant to the provisions of Regulation 27(1) of SEBI (LODR) Regulation, 2015.

##### B. Shareholders' Rights

The Company communicates with investors regularly through emails, telephone calls and face to face meetings. The Company publishes the quarterly/half-yearly/annual financial results in leading business newspaper(s) and are also hosted 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 Auditors

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, Non-Executive, &  
Non-Independent Director  
DIN: 00239589  
Place: Bengaluru  
Date: May 30, 2022

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN: 06563872  
Place: Bengaluru  
Date: May 30, 2022



## ANNEXURE 1

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

To,  
The Board of Directors  
Subex Limited

Dear Sirs,

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, 2022 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.

For Subex Limited  
Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN: 06563872  
Date: May 30, 2022  
Place: Bengaluru

For Subex Limited  
Sumit Kumar  
Chief Financial Officer

Date: May 30, 2022  
Place: Bengaluru

## ANNEXURE 2

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of  
Subex Limited  
CIN L85110KA1994PLC016663  
Pritech Park - SEZ, Block-09, 4th Floor,  
B Wing, Sy No. 51-64/4, ORR, Bellandur Vlg,  
Varthur Hobli Bengaluru-560103

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Subex Limited having CIN - L85110KA1994PLC016663 and having registered office at Pritech Park - SEZ, Block-09, 4th Floor, B Wing, Sy No. 51-64/4, ORR, Bellandur Vlg, Varthur Hobli Bangalore Karnataka 560103 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

Sl No.	Name of the Director	DIN	Designation
1.	Anil Chandanmal Singhvi	00239589	Chairman - Non - Executive Director-Non-Independent Director
2.	Nisha Dutt	06465957	Non - Executive- Independent Director
3.	Poornima Kamalaksh Prabhu	03114937	Non - Executive - Independent Director
4.	Vinod Kumar Padmanabhan	06563872	Executive Director - CEO - MD
5.	George Zacharias	00162570	Non - Executive - Independent Director
6.	Shiva Shankar Naga Roddam	07212118	Executive Director

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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

Date: May 30, 2022  
Place: Bangalore  
UDIN No: F007834D000432313

Pramod S M  
Partner  
FCS 7834 / CP No. 13784

### ANNEXURE 3

#### 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, 2022.

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN: 06563872

Place: Bengaluru  
Date: May 30, 2022

# BUSINESS RESPONSIBILITY REPORT

## Introduction

This report is in accordance with Regulation 34 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), which includes our responses to questions on practices covering the initiatives taken by the Company from an Environmental, Social and Governance perspective.

Subex is a pioneer in enabling Digital Trust for businesses across the globe.

Founded in 1994, we have been part of the evolution of mobile technology. Today, we are consultants to Global Telecom Carriers for operational excellence and business transformation

by driving new revenue models, enhancing the customer experience and optimizing the enterprise.

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

We have a global presence, employing over 800+ people, with headquarters in Bengaluru, India and offices in Singapore, UK, USA, Bangladesh and UAE

## Section A – General Information about the Company

1.	Corporate Identity Number (CIN)	L85110KA1994PLC016663
2.	Name of the Company	SUBEX LIMITED
3.	Registered address	Pritech Park-SEZ, Block-9, 4th floor, B Wing, Survey No. 51-64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bengaluru- 560 103
4.	Website	<a href="https://www.subex.com/">https://www.subex.com/</a>
5.	E-mail Id	<a href="mailto:investorrelations@subex.com">investorrelations@subex.com</a>
6.	Financial Year reported	April 01, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	IT Software, Services, and related activities. NIC Codes – 62011, 62013
8.	List three key products / services that the Company manufacture / provides (as in Balance Sheet)	Please refer page 90 of the Annual Report (forming part of the Management Discussion and Analysis)
9.	Total number of locations where business activity is undertaken by the Company i) Number of International Locations (Provide details of major 5) <input type="checkbox"/> United Kingdom <input type="checkbox"/> United States of America <input type="checkbox"/> Singapore <input type="checkbox"/> United Arab Emirates <input type="checkbox"/> Canada ii) Number of National Locations: 1 (One), the Registered Office of the Company located at Bengaluru, India.	
10.	Markets served by the Company - Local / State / National / International	India, Americas, EMEA, Asia Pacific

## Section B – Financial Details of the Company (on a Consolidated basis) (as on 31.03.2022)

1.	Paid up Capital (INR)	As on March 31, 2022, the paid-up capital of the Company stood at ₹ 2810014675 consisting of 562,002,935 equity shares of ₹ 5 each.
2.	Total turnover (INR in Lakhs)	₹ 33,344
3.	Total Profit/ (loss) after Taxes (INR in Lakhs)	₹ 2,099
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL (See point no. 5)
5.	List of activities in which expenditure in point no. 4 has been incurred Pursuant to the provisions of Section 198 of the Companies Act, 2013, the company has incurred losses during the preceding three financial years, hence no amounts were required to be allocated / contributed for undertaking CSR activities. Though it is not mandatory to incur any expenditure on CSR activities, the Subex Charitable Trust ("SCT") had undertaken welfare activities by adopting a government school and incurred Rs. 16,19,519 towards repairing and development activities of the school. SCT is managed by trustees elected amongst the employees of the Company. The details of the activities conducted during the year, have been provided in a separate section in this Annual Report as 'Annexure G' to the Board's Report (Annual Report on CSR Activities). Further details on the activities undertaken by the SCT are contained under Principles 4 & 8.	

## Section C – Other Details

1.	Does the Company have any Subsidiary Company / Companies?
	Yes, the Company has Ten subsidiaries, namely: 1. Subex Assurance LLP 2. Subex Digital LLP 3. Subex Technologies Limited 4. Subex Americas Inc. 5. Subex (UK) Limited 6. Subex Middle East (FZE) 7. Subex Bangladesh Private Limited 8. Subex Azure Holdings Inc. 9. Subex (Asia Pacific) Pte Limited 10. Subex Inc. 11. Subex Account Aggregator Services Private Limited* *Incorporated on May 10, 2022.
2.	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).
	Yes. As the business responsibility initiatives are run at a group level, all subsidiaries participate in the initiatives, to the extent relevant.
3.	Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? (Less than 30%, 30-60%, more than 60%)
	We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.

## Section D – BR Information

### 1. Details of Director / Directors responsible for BR

#### a) Details of the Director / Director responsible for implementation of the BR policy / policies

Sl. No.	Name	Designation	DIN
1.	Mr. Vinod Kumar Padmanabhan	Managing Director & CEO	06563872

#### b) Details of the BR Head

Sl. No.	Particulars	Details
1	DIN	06563872
2	Name	Mr. Vinod Kumar Padmanabhan
3	Designation	Managing Director & CEO
4	Telephone No.	080-37451377
5	E-mail ID	<a href="mailto:investorrelations@subex.com">investorrelations@subex.com</a>

### 2. Principle-wise (as per NVGs) BR policy / policies

As per Regulation 34 of the Listing Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated November 04, 2015, the nine areas of Business Responsibilities are as follows:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed on line?	The policies are available on the Company's website – <a href="https://www.subex.com/investors/shareholder-services/">https://www.subex.com/investors/shareholder-services/</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Y = Yes

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
- 3 to 6 months.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published

Subject to the provisions of the SEBI (LODR) Regulations, 2015, BR will be published annually, as part of the Annual Report and can be accessed at <https://www.subex.com/investors/shareholder-services/>.

#### SECTION E – Principle-wise performance

##### Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Subex has zero tolerance towards non-conformity with the Code of Conduct, which is applicable to our employees across all locations. Our Code of Conduct and Whistle Blower policy covers our employees, contractors, suppliers, and other stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so

No complaints have been received in FY 2021-22 under our Whistleblower policy.

##### Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities

Subex is a provider of solutions that help build trust in the digital ecosystem to telecom operators around the world. Subex views digital trust as a multi-dimensional matrix that covers privacy, security and risk mitigation.

Following are 3 solutions which Subex delivers to its clients that have a significant impact on social risks:

- a. IoT/OT Security:

Cyber security risks continue to pose a significant challenge to the increasingly connected world we live in. Subex Secure is a scalable and comprehensive threat detection, mitigation, and management solution for assets, data and networks connected to the IoT and OT eco-system. Subex Secure is aimed at securing smart cities, critical infrastructure, manufacturing plants, oil and gas.

- b. Fraud Management:

Digital transformation has resulted in telecom operators spreading their wings far and wide beyond basic connectivity services. Fraudsters exploit these digitally enabled services for theft from citizens and for criminal activity such as terrorism. Subex's Fraud Management solution enables telecom operators to prevent, detect and mitigate the impact of fraud on its

customers and thus makes a significant contribution towards making our societies safer.

c. **HyperSense Augmented Analytics Platform:**

Transparency and AI Ethics are becoming topics of societal importance. HyperSense Augmented Analytics Platform with its Explainable AI capabilities provides a set of techniques that:

Produce more explainable models, while maintaining a high level of performance accuracy; and also enables users to understand, appropriately trust, and effectively manage the output of AI models in business.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product

Subex is committed to 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. However, given the nature of our business, it is difficult to quantify.

3. Does the Company have procedure in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so

We have a Responsible Purchase Procedure and a Supplier Code of Conduct. Our suppliers are categorized into three broad categories - People, Services and Products. Our contracts have appropriate clauses and checks to prevent the employment of child labor or forced labor in any form. We engage with local suppliers for our People and Services categories.

Our suppliers sign the code of conduct, agreeing towards reduction of environmental footprint. Suppliers delivering the products to Subex abide by the guidelines laid down by the government.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, while the criteria for selection of goods and services is quality, reliability, and price, we give preference to small organizations / MSME vendors. Procurement of materials from local sources is a strategy adopted by us since it reduces time, cost, and efforts in procurement, provides local employment opportunities and a reduced environmental footprint in sourcing.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste. Also provide details thereof, in about 50 words or so

Yes, all types of waste which are generated in-house are handed over to the authorized vendor for recycling. Subex is based in a technology park and the all environment related reports are submitted to the prescribed authority by the Owner of the park. Subex co-operates with the owner and the vendors towards ensuring the timely recycling of waste.

Being environmentally cautious and waste sensitive, over 93% of the waste is managed, with less than 7% going into landfills.

**Principle 3: Businesses should promote the wellbeing of all employees**

Creating a positive, relevant, and meaningful experience for its employees ("Subexians"), is one of the key focus areas for Subex. With this in mind, their well-being becomes a very critical component that Human Resources works on. We conduct regular medical check-ups, mental and physical health- workshops like yoga sessions, for all employees including our support staff. Other benefits such as group medical insurance for Subexians and their families and personnel accident policy for Subexians are provided to all. We also have an active POSH (Prevention of Sexual Harassment) committee that functions with zero-tolerance towards any kind of harassment. We also run women specific sessions by external parties addressing women specific issues.

1. Please indicate the total number of employees - 1135
2. Please indicate the total number of employees hired on temporary / contractual / casual basis - 103
3. Please indicate the Number of permanent women employees - 302
4. Please indicate the Number of permanent employees with disabilities – Nil
5. Do you have an employee association that is recognised by management – Not applicable
6. What percentage of your permanent employees are members of this recognised employee association? – Not applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year – Nil.
8. What percentage of your under mentioned employees were given safety & skill up-gradation training, in the last year?

Mock drills related to safety and security is provided to all the employees to create awareness. The Company also provides on job training, online training and class room sessions for our employees.

**Details of the skill up-gradation training\*:**

- A. Permanent Employees – 69.27%
- B. Permanent Women Employees – 70.22%
- C. Casual / Temporary / Contractual Employees – 64.78%
- D. Employees with disabilities – Not Applicable

\* Mandatory trainings are undertaken by all employees..

**Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the Company mapped its internal and external stakeholders?

Yes, the Company has identified and mapped its internal and external stakeholders. Internal Stakeholders of the Company

include its employees, support staff, senior leaders, and Board of Directors. The external stakeholders include customers, vendors, investors, regulatory bodies and media. The external stakeholders also include the communities the Company engages with, during its social responsibilities.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Yes. Please refer page 33 of the Annual report for details of the activities conducted by SCT during the year.

#### Principle 5 – Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Subex has policies in place which covers its employees against inhuman practices. Few policies which are in place include Prevention of Sexual Harassment at Workplace, Grievance policy, Equal Employment etc.

These policies are applicable to all our employees across all locations and all our affiliates.

The Company encourages its suppliers, contractors and others to follow the principles laid down in the Supplier Code of Conduct. All employees, suppliers and contractors are required to respect the human rights of fellow workers and communities where we operate. The Company encourages its vendors to comply with the relevant laws safeguarding labour rights and human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the Management?

Please refer point no. 2 under Principle 1 and page 80 of the Annual Report (forming part of the Shareholders' Information section, for details pertaining to investor complains received during the year).

#### Principle 6 – Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company has a dedicated Policy/Standard Operating Procedure (SOP) for its environmental requirements. The Company encourages all its external stakeholders to strictly adhere to safety and restoration of the environment. Subex is based in a technology park and co-operates with the owner and vendors in following the required procedures for protection and restoration of the environment.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming etc.

Yes, the Company has taken initiatives to control environmental impact or influence considering a life cycle perspective. The Company also adapts itself to the changes in environmental laws and has adapted measures such as minimizing the usage of single use plastics within the office premises.

3. Does the Company identify and assess potential environmental risks?

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

No.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.

Yes, the Company is based in a technology park and supports the initiatives undertaken by the authorities of the technology park thereby contributing to clean technology, energy efficiency and renewable energy.

6. Are the Emission / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year

There were no pending or unresolved show cause/legal notices from CPCB/SPCB as at the end of financial year 2022.

#### Principle 7 – Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with.

Yes, the Company is a member of FKCCI (Federation of Karnataka Chambers of Commerce and Industry), Confederation of Indian Industry (CII), Karnataka and DSCI (Data Security Council of India).

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, inclusive Development Policies, Energy security, Water, Food Security, sustainable Business Principles, others)

Yes, Others. We co-operate with governments and industry bodies by providing them threat reports, malware reports and related information on demand regarding the prevailing threat environment.



### Principle 8 – Business should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof

Yes. Please refer page 33 of the Annual Report for details of the activities conducted by SCT during the year.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Government structures / any other organization?

In-house team. The Subex Charitable Trust is a non-profit Trust that mobilizes employee participation in community projects and was voluntarily set up to undertake welfare activities for the under privileged in the society. SCT is managed by trustees elected from among the employees of the Company.

3. Have you done any impact assessment of your initiative?

The project activities are periodically reviewed by the Board of Directors. Reports and feedback are sought to understand the impact of the initiatives.

4. What is your company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken

The Company has incurred losses during the preceding 3 financial years. Hence it is not mandatory to incur any expenditure on CSR activities. For details of the voluntary activities undertaken by the SCT, please refer page 33 of the Annual Report for details of the activities conducted during the year.

5. Have you taken steps to ensure that this Community development initiative is successfully adopted by the Community? Please explain in 50 words or so

The objective of the social initiatives undertaken by the Company through SCT is to create a positive and sustainable impact in the community that we belong to. The SCT has received positive feedback from the institutions that it supports and looks to continue to provide greater support towards community development.

### Principle 9 – Business should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?

None.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Not applicable to the Company, since it is a Technology based Company.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so

None, there have been no cases filed against Subex with regards to unfair trade practices, irresponsible advertising, and / or anti-competitive behavior during the last five years.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Yes. Subex followed the standard CSAT Survey until 2018. Post 2018, Subex changed its survey modus operandi to NPS (Net Promoter Score).

# 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 ("BSE").

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 (including amendments thereto). 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 build industry leading software products and solutions to help businesses infuse trust in their digital ecosystems. With Digital Trust at the core, Subex is now helping Communications Services Providers ("CSP") in their transformation journey to become truly digital enterprises. Our strength lies in understanding the dynamic needs of the telco market and leveraging emerging technologies like AI, ML, Blockchain, and more, to build scalable solutions to help telcos thrive in a competitive environment. Towards this, we have created state-of-the-art solutions covering the areas of privacy, security, identity, intelligence, and risk mitigation, all of which help CSPs build a robust ecosystem of trust. Our revenue contributing pie consists of licensing, professional services related to installations and configuration activity, annual support contracts and managed services.

Through HyperSense, an AI Orchestration platform, Subex empowers CSPs and enterprise customers to make faster and better decisions by leveraging Artificial Intelligence (AI) across the data value chain. The solution allows users without a knowledge of coding to easily aggregate data from disparate sources, turn data into insights by building, interpreting and tuning AI models, and effortlessly share their findings across the organisation, all on a no-code platform.

"The Subex advantage" comes from our 25+ years of experience in enabling 3/4th of the largest 50 CSPs globally achieve competitive advantage. Being truly a global company, we have more than 300 installations across 90+ countries.

We have a global presence, employing over 1000+ people, with headquarters in Bengaluru, India and offices in Singapore, UK, US, UAE and Bangladesh.

More information on (a) an overview of the telecom industry (b) our products (c) Opportunities and challenges and (d) our revenue model is discussed below.

## TELECOMS IN THE GLOBAL MACRO CONTEXT

2021 witnessed the world to continue reeling and adapting from the global pandemic. During the period, the relevance of connectivity continued to be at the forefront by enabling social and economic interaction and providing ways for enterprises to operate. With the increased dependence on remote connectivity, 2021 witnessed a rise in the number of mobile internet subscribers, now reaching 4.2B people globally.

As the world continues to emerge from the pandemic, connectivity and the telecom world will continue to play an important role in the way people interact, businesses operate, and in helping economies recover and become more resilient.

With the dependency on connectivity increasing, investments towards the network has been a major focus for CSPs; with investments in newer technologies such as 5G and IoT taking center stage. 2022 will be a landmark year for 5G, with the total number of connections expected to reach 1B in the year. Of course, with the increased focus in technologies such as 5G and IoT, the avenues for enabling enhanced productivity, new critical services and social interaction are only set to increase leading to a rise in the need for new partnerships, new requirements for assurance, and new forms of risk.

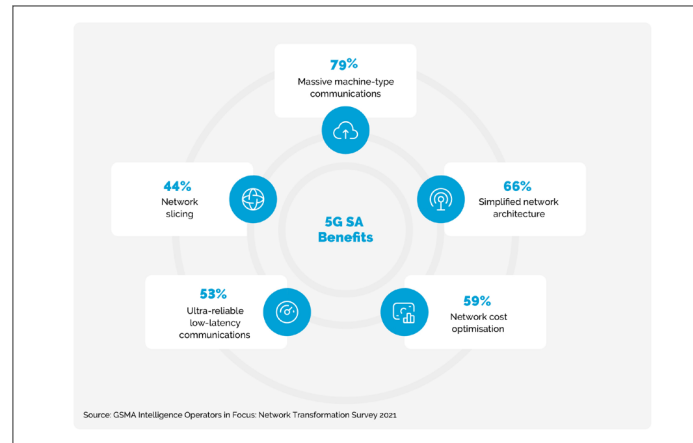
With that in mind, let's take a look at some of the key trends for 2022:

### Enter 5G

- With 5G adoption accelerating, 4G has begun to see a decline
- Key drivers for the increase in 5G adoption include economic recovery from the pandemic, rising 5G handset sales, network coverage expansions and overall marketing efforts by mobile operators
- By the end of 2025, 5G will account for around 25% of total mobile connections
- More than two in five people around the world will live within reach of a 5G network
- 4G still demonstrates relevance in most developing markets, particularly in Sub-Saharan Africa, where 4G adoption is still below a fifth of total connections
- However, 4G adoption will account for 55% of total connections by 2025, down from a peak of 58% in 2021
- 5G rollout and commercialization will bring a new set of opportunities and challenges around Capex and monetization during a period where economic value has shifted away from

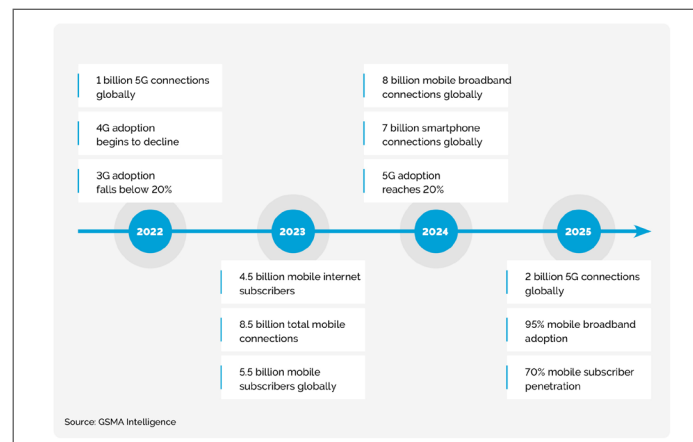
operators towards internet giants. The onus on operators now is to find ways to leverage new technologies and delivery models to derive increased value.

- 5G standalone (5G SA) gains traction:
  - By the end of 2021, there were 22 commercial 5G SA networks in 16 countries across the world, with several more expected to go live in the coming year



### Mobile Internet for All (Almost!)

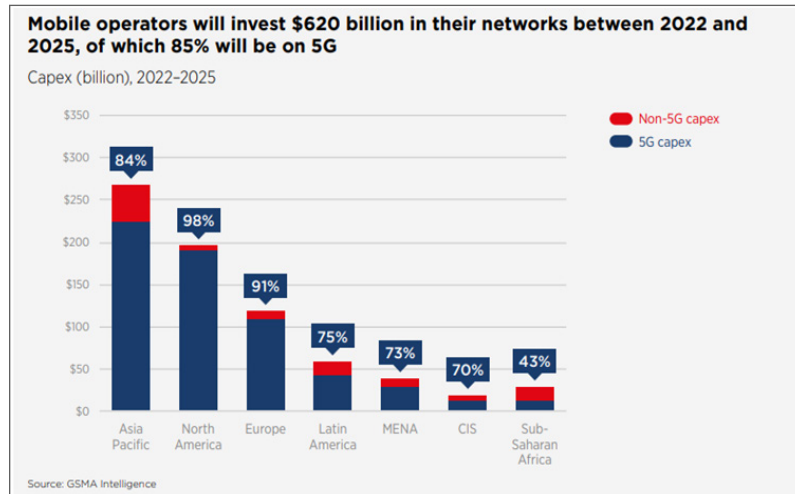
- Over 50% of the world's population were on the mobile internet in 2021, reaching a figure of 4.2 billion users globally.
- More than 200 million people connected to mobile internet for the first time in 2021
- By 2025, estimates state that 5 billion users will be on the mobile internet, accounting for 60% of the world's population
- Today there are almost six times more people living within the footprint of a mobile broadband network but not using mobile internet.
- Connectivity to underserved and far-flung communities still remain a challenge, resulting in a usage gap of 3.2 billion people, or 41% of the global population.



### Telecom Revenues Improve, but Capex still a growing concern

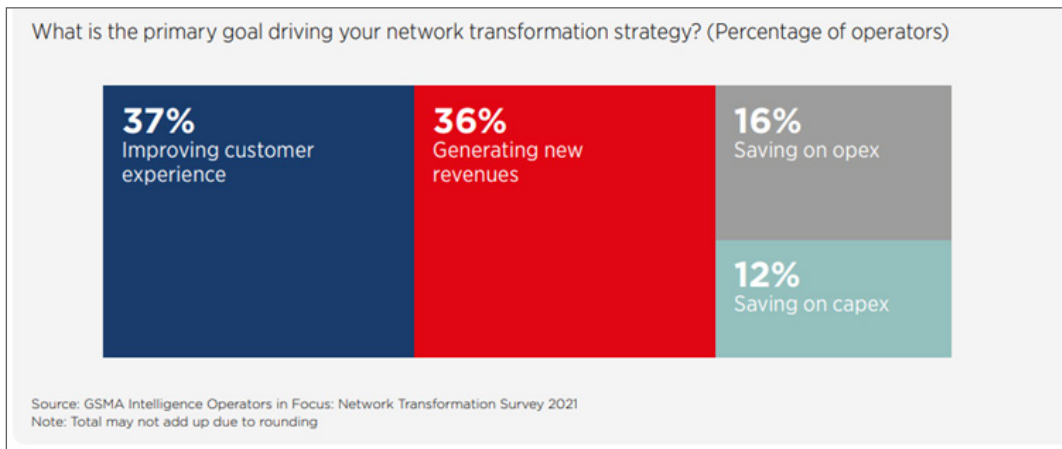
- With the effect of Covid beginning to wane, CSPs have begun to see a recovery in revenue growth as economic activities pick up around the world
- As per GSMA's Mobile Economy Report 2022, operator revenues are slated to grow from \$1.08tn in 2021 to \$1.16tn in 2025
- However, Capex still continues to be significantly high at \$620bn for the above period, clocking the Capex Intensity at over 12%

- 5G investments will account for a large portion of the Capex at 85%



- Drivers for the high Capex across the past decade can be attributed to the continuous pressure to make up for the gradual value decrease from traditional areas, culminating in increased network investments to meet increasing performance and capacity requirements
- Revenue diversification has become a strategic focus with services beyond core now a key component for growth. The shift to digital for consumers and enterprises has accelerated due to the pandemic, fueling further growth in services beyond core

Customer experience and revenue generation are key factors driving operators’ network transformation strategy



- Revenue growth – either through new revenues streams or by improving the customer experience – remains a top consideration for operators in their network transformation efforts.
- With new mobile network innovations such as open RAN, edge networking and network automation coming to market, decisions on network transformation strategies are now more important than ever.

Welcome to the Metaverse

- The metaverse will be an industry disruptor, with applications in interactive and immersive use cases
- However, the metaverse will presents a mixed bag for operators:
  - In 5G (and subsequently 6G), the metaverse will provide further monetization opportunities built on high-performance connectivity and new services
  - On the other hand, the metaverse will lead to an increased demand on network infrastructure, resulting in additional capex to meet capacity requirements

## Conclusion:

5G is at hand and for CSPs, it will present a host of new opportunities, exposure into new verticals, the expansion of both the retail and enterprise segments, and so much more. At the same time, 5G will also come with it, a plethora of new risks and challenges and a strain on the already high Capex Intensity. Subex, as a leader in the space of Digital Trust, is uniquely positioned to help telcos to embrace their journey to 5G.

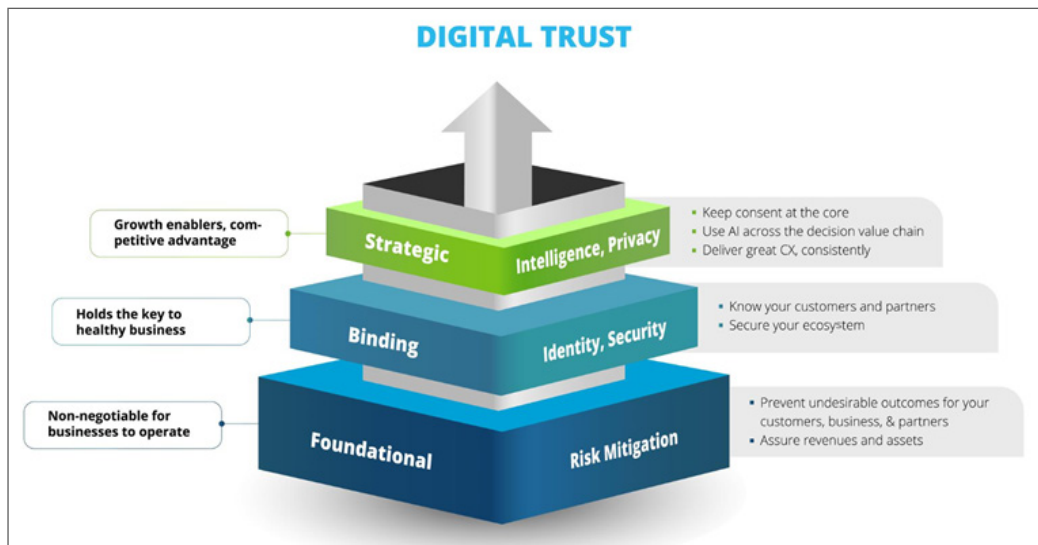
## OUR PRODUCTS

Subex helps its customers maximize their revenues and profitability. With a legacy of having served the market through world-class solutions for business optimization and analytics, Subex is now leading the way by enabling all-round Digital Trust in the business ecosystems of its customers. Focusing on risk mitigation, security, predictability, and intelligence, Subex helps businesses embrace disruptive changes and succeed with confidence in creating a secure digital world for their customers.

Through HyperSense, an end-to-end augmented analytics platform, Subex empowers communications service providers and enterprise customers to make faster, better decisions by leveraging Artificial Intelligence (AI) analytics across the data value chain. The solution allows users without coding knowledge to easily aggregate data from disparate sources, turn data into insights by building, interpreting and tuning AI models, and effortlessly share their findings across the organization, all on a no-code platform.

Subex also offers scalable Managed Services and Business Consulting services.

## PRODUCT PORTFOLIO



Digital transformation has enabled telcos to expand their scope with new and innovative services, while also increasing the size of the ecosystem with new age partners. To realize the full potential, telcos need to create mechanisms that build trust in their offerings, processes and information systems. In other words, Digital Trust is the key to success for telcos today. Subex with its 25+ years of experience in helping telcos optimize their business, is now at a forefront of enabling Digital Trust for the telco ecosystem. Focusing on five key tenets of Security, Privacy, Risk Mitigation, Identity, and Intelligence, Subex helps businesses thrive by leveraging Digital Trust as a competitive advantage. The foundation layer is Risk Mitigation and is the non-negotiable layer required to prevent any undesirable outcomes for the business. Binding layer in Digital Trust is the one that is necessary for the sustenance of a healthy business and includes areas like Security and Identity. The strategic layer is the one that helps business in creating competitive advantage and brand reputation. Privacy, Real time insights, intelligence form the part of this layer.

## Our Portfolio

### HyperSense

HyperSense is an AI Orchestration platform that helps enterprises operationalize AI enabling scalability and growth. Enabling technologies such as machine learning and AI assists with data preparation, model building and deployment, insight generation, and explanation to augment how enterprises explore and analyze the data. It is a cloud-native and SaaS-based platform that democratizes AI across the entire data value chain, making AI accessible to everyone across an enterprise. HyperSense provides five cutting-edge capabilities:

#### Prepare Data

Collect, clean, structure, and get a 360-degree view of all the data from multiple databases, sources and business functions in one place. Manage, view, and access complex enterprise data with ease and empower both expert and citizen data scientists to quickly build

data pipelines with datasets, transform and join the datasets to build machine learning models.

#### Build AI Models

Helps to build, test, deploy, and manage complex AI models in minutes without writing a single line of code. Provides access to an automated machine learning environment that redefines Enterprise AI by automating every step of the data life cycle, including auto model building using simple workflows. It eliminates bias through Explainable AI capabilities ensuring transparency and interpretability.

#### Operationalize AI Models

Runs rules in real-time and generates actionable intelligence from data. Create complex business rules and combine them into workflows to simulate business environments and processes with a no-code AI-enabled rule engine system. Enterprises can perform various analytics on data to generate insights and run predictions using AI/ML algorithms.

#### Visualize Data

Helps enterprises make quick and better decisions by visualizing the data. Visualize, analyze, and share complex business data insights. It auto-visualizes business data and uncovers hidden and crucial insights. Enterprises can also create dashboards, reports, and charts.

#### Automate Workflows

Automates resolution workflows to manage complex business cases seamlessly. Creates a visual representation and provides a 360-degree view of all the business cases in one place, enabling better collaboration among the stakeholders.

#### Business Assurance

HyperSense Business Assurance system based on Active Risk Intelligence (ARI) provides the most comprehensive AI/ML tooling in the Business Assurance industry from over 25 years of implementation experience. It enables telcos to work on a dynamic risk marketplace and entails collaboration & knowledge management to enhance risk mitigation and improve decision making. The ARI suite enables AI-driven predictive and prescriptive business insights for CxOs (Opco & group) across verticals (Marketing, finance, sales, network, etc.). With a product history spanning over two decades, Subex's Business Assurance is the culmination of the operational experience of being deployed in over 80+ sites globally.

#### Fraud Management

Built on 25+ years of domain expertise, the HyperSense Fraud Management system is the only AI-first fraud management system for telcos enabling them to effectively combat fraud and security risks by leveraging AI in every step of the fraud management process. With a state-of-the-art AI engine at the core, it helps risk professionals increase business-coverage, accuracy, and precision and enables them to use AI in a sustained manner. With Subex's comprehensive fraud management system, operators can detect more than 350 types of fraud in all telecom environments.

## NETWORK ANALYTICS

### Enterprise Asset Management

Subex's Enterprise Asset Management provides CSPs with the necessary framework and controls to make the best use of their assets, thereby helping manage network Capex efficiently and maximizing asset ROI. The solution ties the assets' financial parameters to its current utilization and location, creates a 360-degree view of the asset, generates accurate reports for audits, and calculates the return on assets. Also, it simplifies field audits, provides near real-time capacity views, recommendations to optimize network utilization and optimizes P2R (Plan-to-retire) and cash-to-cash cycle for assets and improves overall operational efficiency.

### Data Integrity Management

Subex is the pioneer of data integrity management, with over a decade of experience in data integrity transformations with the world's leading service providers. Data Integrity Management is the industry's first solution for improving the quality of data that drives critical service provider processes, resulting in lower costs and higher service profitability.

### Capacity Management

Subex's Capacity Management is an innovative solution that helps CSPs to strategize and plan their network expansion & capacity augment investments keeping Customer Experience & Return on Investments at the center. This helps CSPs improve Customer Experience, increase ROI, optimize Capex, reduce Churn, and increase Net Promoter Scores.

### Partner Ecosystem Management

A platform to manage all aspects of the digital and traditional partnerships that will allow CSPs to accelerate their digital services portfolio expansion.

### Partner Lifecycle Management

Subex Partner Lifecycle Management allows CSPs to significantly reduce time to market for new services and enhance existing services by quickly onboarding new partners to the ecosystem. The solution optimizes OPEX through workflow-based onboarding process interfaces with configurable KPIs to allow quick partner onboarding. CSPs can assess partner health by scoring them on different parameters and monitor their performance to ensure a value-driven partner ecosystem. The partner portal empowers partners with complete business visibility through access to dashboards and reports and make informed decisions.

### Digital Services Billing

Subex offers a domain agnostic digital services billing solution that can bill and settle any event irrespective of the source and cater to Data, Content, IoT, M2M, and Utility billing requirements. Utilize configurable modeling capabilities that allow the creation of new revenue streams through configurations, thus allowing quicker settlements and bill roll outs.

### Wholesale Billing and Routing

Get a holistic view of your entire range of partner relationships, covering services such as voice, SMS, and data- manage roaming, routing, content settlements, as well as MVNO and other B2B relationships with our wholesale billing solution. We drive efficiencies into your businesses via process automation to gain operational insight to support critical decision-making activities and enable you to achieve a competitive advantage. It covers Interconnect Billing & Settlement, Reconciliation and Dispute Management, OBR, Route Optimization, Contract Lifecycle Management, Route Optimization.

### Enterprise Billing

Subex offers a next-gen end-to-end enterprise billing system that provides unmatched rating and billing capabilities for CSPs. It's a converged billing platform that covers partner onboarding, subscription management, service agnostic rating, and billing to financial reporting.

### Roaming Settlements

Subex Roaming solution offers a 360-degree view of the roaming services and revenue management to improve profitability. It reduces the fraud possibility by removing the likelihood of paying high-cost traffic cost or lose inbound roaming revenue by supporting NRTRDE (Near Real-Time Roaming Data Exchange) and HUR (High Usage Report). Enhance customer experience and reduce churn by offering personalized services using customer information.

### Billing & Charging Evolution

Billing and Charging Evolution Solution is a part of our roadmap which is a next generation solution for the settlement of roaming by Implementing BCE process, where all the participants will have a simplified settling and reconciliation processes. Solution will be flexible enough to support charging models for the known future services as well as capable to support different frequency of exchange as required. Enhance Customer experience with better dispute management where reconciliation and discrepancy can be achieved in a near real time.

### Sectrio

The Sectrio suite of IoT-OT-IT and 5G cybersecurity solutions include:

- **IoT-OT-IT Converged Security Suite:** a comprehensive cybersecurity offering designed to secure converged environments from cross-stream threats. This includes technology-specific and tech agonistic threats that can operate across environments to target devices, IT systems, and SCADA and ICS.
- **Threat Intelligence:** offers specific threat intelligence that is relevant, actionable, and contextual to various businesses. This leads to reduced false positives, improved SecOps efficiency and improved threat hunting.
- **5G Security:** offers comprehensive protection for 5G linked infrastructure and installations. In addition to the above, there are also modules for vulnerability management, threat management and micro segmentation.

### IDcentral (Digital Identity)

Today, each individual has multiple digital interactions which give rise to something known as a digital footprint. This digital footprint is a combination of various attributes like phone number, email ID, device info, social network data etc. that when put together form the digital identity of that individual. IDcentral specializes in bringing together these different attributes to create verifiable digital identities leveraging alternate sources of data. IDcentral is the next-generation digital identity analytics platform, that helps businesses across various domains to increase their profitability and reduce risk. It is one of the largest repositories of data in the world with access to 200 plus data points of 700 million individuals. IDcentral's wide range of solutions include:

- **Onboarding solutions:** Enables document-less, presence-less, and secure online customer onboarding for enterprises. This includes solutions like locality verification using telecom CDR data, name/age/gender verification with government and telecom data, low touch verification, and risk prediction of MSISDN and email IDs using telecom and consortium data, AML + PEP + Sanctions lists.
- **Credit solutions:** Enables credit processing for underserved population and provide early default warning. This includes solutions like income range prediction with telecom data, locality verification with telecom data, alternate data credit scores, and early default vectors using telecom and consortium data.
- **Fraud solutions:** Enables E-com, M-wallet, Fintechs in preventing various kinds of identity and transactional frauds by using advanced analytics on usage, device, behavioral, Network, and telecom data. This includes addressing linked account abuse/frauds, ATO frauds, CNP frauds, Card present frauds.
- It acts as a one-stop shop for identity analytics solutions by harvesting data from multiple sources and adding layers of intelligence to enable the creation of a real-time frictionless digital identity.

### Consulting & Assessment Services

Subex with its more than 25 years of experience in telecom domain, end-to-end encounter 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 & Improvement:** Benchmarking of their Business Assurance (including Revenue Assurance, Fraud Management and other assurance areas) processes concerning global standards, and providing recommendations across strategies, people skills, processes, technologies, measurement and management reporting practices.

**Functional Assessments:** Gap analysis of existing RAFM functional processes, technology and provide the roadmap to close these gaps using "analyse, evaluate, assess and recommend" framework.

**Risk Advisory & Management:** Identify the risks in the revenue chain and plug leakages promptly, through regular 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 relevant industry standards and developing comprehensive standard operating procedures.

**Business process re-engineering:** Review of the existing business processes, design and implementation of new business processes based on industry leading practices.

**Transformation & Migration Assurance:** Creation of assurance framework across the transformation or migration journey of OSS/BSS systems. Subex can assist operators in providing the necessary support during the end-to-end migration process to avoid revenue/cost leakages, negative customer experience, project delays and budget over runs.

**Product and Service Margin Assurance:** Assessment of the target market, holistic margin and profitability for the entire service and product catalogue.

**Accounting Assurance:** Formalization of secondary control universe which would be executed by Business Assurance teams to provide the assurance to CFO on the current revenue reporting across all revenue segments. This will also include an independent revenue computation to identify the gaps (if any)

### 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.

Creating a resilient telecom landscape by tracking threats and unlocking opportunity

### Cloud and digital intensify across the industry

As industries re-orient themselves from the disruptions of the past year, we are seeing numerous positive shifts within the telecommunications industry over the past year. Digital intensification grows, propelled by customer demand for more robust networks and a wider bouquet of services. Accordingly, telcos are amping up their connectivity, resilience, and bandwidth, particularly to cater to the expectations of enterprise customers and deliver exceptional quality of service and quality of experience. Many want to reimagine their role as B2B2X ecosystem providers and seek next-gen digital solutions that steer them towards this new positioning.

Along with digital intensification comes the need to rationalize IT infrastructure to support the new phase of growth. Egged on by hyper-scale cloud providers, telcos are embarking on cloud transformation journeys to enable agile networking, virtualize OSS/BSS, and modernize enterprise-wide support systems across billing, customer care, revenue assurance, fraud management, HRM, etc. Consequently, there is keen market interest in collaborating with providers like Subex that marry solutions with the overarching cloud vision.

Subex is extremely well-placed to meet some of the requirements brought on by cloud and digital, thanks to our foresight in building a cloud-native technology stack for all our products. Our offerings across enterprise partner management, business assurance, and fraud management are steered by cloud-first approaches and plug seamlessly into hosted as well as on-premises infrastructure, helping players hone their edge and realize value rapidly.

### Data and AI-first is the new mantra

With these transformation programs running side-by-side, telcos are growing savvy at managing their data. They know that fragmented systems are a barrier to cloud, digital, 5G, and AI and recognize the value in breaking the siloes that telecom data previously resided in. Integration of telecom data sets the stage for becoming AI-ready. Telecom players want to put data and AI at the core of business decision-making, which mandates powerful decision analytics solutions. The HyperSense offering from Subex encompasses a proven AI adoption framework consisting of a no-code AI platform, Auto-ML, and MLOps and is geared towards this opportunity. Since its launch, several reputed market analysts, researchers, and innovators across the community have endorsed HyperSense for its pioneering ability to simplify AI adoption.

Finally, the increasing maturity of 5G adoption is driving telecom players to create viable business models tailored to 5G services. At the moment, many are eyeing the benefits of opening up their ecosystem to diverse partners in order to leverage the potential of 5G. However, many are unprepared for the various risks of introducing innovative service offerings – be it privacy violations, fraud, or data breaches. Setting this in the context of emerging regulations governing 5G, it becomes clear that future-proof solutions are the need of the hour. Subex's legacy as a proven RAFM partner comes into play as we build awareness and thought leadership on the concerns, challenges, and corrective actions. We also effectively bridge the gap with our suite of business assurance, fraud management, cyber security, and partner



ecosystem management solutions. When coupled with our plug-and-play HyperSense platform, which democratizes data, we help partners and customers build out relevant use cases, deal effectively with threats as they emerge, and enrich lives through AI-driven trust.

### Building an effective response to threats

Amid all of these opportunities, we are also keenly monitoring potential threats to the business model. Key concerns perhaps temper the enthusiasm for adopting digital products. Even as telecom players consider the steep investments needed to reimagine their offerings and leverage the above trends of 5G, cloud, digitalization, and the need for digital trust, monetizing these to reap true RoI comes with a certain level of risk. Any misstep can prove dangerous, which leads to some lag in pushing forward with transformation programs.

Further, the rising adoption of digital exposes telecom players to greater unknown risks from cyberattacks and breaches. Just as privacy risks present an opportunity for our solutions, the flipside is that the uncontrolled spread of cyberattacks could lead to a slowdown in adopting digital to minimize the attack surface.

Certain global shifts are also on our radar. We continue to track the ongoing market volatility due to the conflict in Eastern Europe and its ripple effect on investment confidence among telcos, priming us to take necessary steps when needed to best pivot our offerings. Another global trend that reached boardroom priority for nearly every industry is 'The Great Resignation', which has led to talent attrition. Like others, Subex too witnessed churn of 4-5%, but we are actively managing this. Proactive steps have helped minimize any negative impact as we revamp our tie-ups with leading universities and business schools and refresh our talent pool.

As we look ahead, we continue to hone in on the right opportunities for Subex to support the growth of its partners and the global telecom landscape through cutting-edge technologies, AI-first use cases, and future-proofed solutions that enrich customer lives through deep digital trust.

### Key Announcements in FY22

#### Subex Launches HyperSense, an End-to-End Augmented Analytics Platform

Subex announced a launch of HyperSense, an end-to-end Augmented Analytics platform that helps enterprises make faster, better decisions by leveraging Artificial Intelligence (AI) across the data value chain. Developed based on Subex's extensive data analytics experience, HyperSense contains all the Augmented Analytics capabilities enterprises need in one flexible and modular platform.

#### Subex's new patent defines the future of Revenue Maximization for telcos

Subex announced that the U.S. Patent and Trademark Office has granted the company's patent that defines the future of Revenue Maximization for telcos. With this patent, Subex moves revenue maximization to the edge, thereby setting standards for operators to proactively identify monetization opportunities. At the same time, it will now move a step closer to detecting and preventing risks such as digital fraud to prevent damage before it happens.

#### Subex rebrands IoT and OT Cybersecurity product as Sectrio

Subex announced the completion of the rebranding exercise of its Internet of Things (IoT) and Operational Technology (OT) cybersecurity product Subex Secure. Subex Secure will henceforth be called Sectrio. The move comes in the wake of Sectrio gaining significant market traction powered by an exponential increase in the capabilities of its award-winning product portfolio.

#### Subex extends strategic partnership with Robi to support their 5G ambitions

Subex extended its partnership with Robi to upgrade its existing integrated Revenue Assurance and Fraud Management (iRAFM) system. Through this upgrade, Robi will now leverage the AI/ML capabilities of Subex's Revenue Assurance and Fraud Management solutions to tackle new-age telecom threats in the region and deliver a superior customer experience as it looks to provide services built on 5G..

#### Subex wins 5-year contract with Dhiraagu for integrated Revenue Assurance and Fraud Management

Subex has been awarded a seven-digit, five-year contract from Dhiraagu, the leading telecom operator of Maldives, to provide its integrated Revenue Assurance and Fraud Management (iRAFM) solution. Through the deployment, Dhiraagu will upgrade its systems and consolidate its standalone assurance functions to better equip themselves for the 5G era.

#### Subex launched Partner Ecosystem Management platform

Subex announced the launch of its Partner Ecosystem Management platform that will allow CSPs to accelerate their digital services portfolio expansion. The platform will allow CSPs to create a value driven partner ecosystem and significantly improve time to market for new services by identifying and quickly onboarding diverse partners. It will also enable digital trust among CSPs and their partners by creating a transparent partner ecosystem.

### REVENUE MODEL

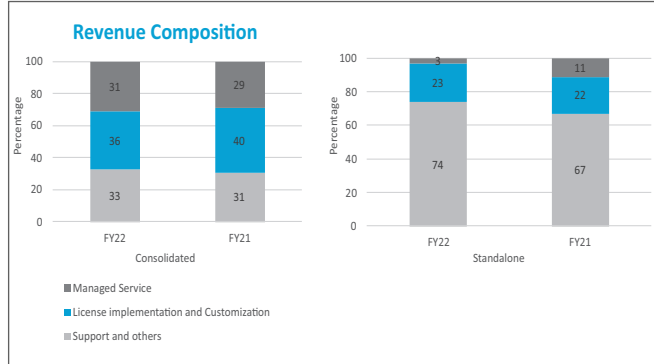
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

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.



## RISKS AND CONCERNS

As our valued investor, we are certain you understand our business environment, prevailing economic conditions, geo-political circumstances, and other specific risks that may affect our future business decisions and financial performance. It is not possible to detail out every risk since we operate in a very competitive and rapidly changing global environment. New risk factors emerge from time to time, the year 2020 was one of our most challenging years in recent times, just as it was for any other business since the global COVID-19 pandemic led to uncertainty and ambiguity across the globe. There could still be dramatic changes in the business however due to lack of precedents, we are unable to provide specific details on how this could impact Subex's business. We are providing some information on several risks which we are aware of and they are stated herein: (a) reduction in consumer and business purchasing; (b) consolidation of 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 risks in some more detail. There are, of course, additional risks faced by us, which are not specified here.

### 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 products/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 customer merge. 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 towards 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

Subex's talent acquisition strategy is to hire candidates with the right competencies required by the business at the right time, a judicious mix of lateral hires and fresh graduates. We are an equal opportunity employer and focus on meritocracy at all stages of hiring, strictly based on role-mapping career architecture. We have a robust process to source and select the best talent, both for entry-level roles as well as lateral hires through our website, channel partners, referral campaigns, campus placements, and internal job postings. Given the difficult situation of continued pandemic in FY 22, a lot of our hiring was done virtually, and we hired close to 600 Subexians.

With the disruptions due to pandemic, our recruiters had to reorient the hiring process and quickly moved to the virtual hiring process and facilitating quick closure. The steps have been taken below:

- Training the recruitment team
- Streamline recruitment process
- POFU (Post offer follow up)
- Focused strategy on campus hiring's adding premier institute like NI, IIT, IIIT in the list.

#### 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, which 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 and where applicable and required. However, some jurisdictions have limited laws protecting technologies and other jurisdictions, even if they have laws protecting technology related innovations, are curtailed by limited or difficult enforcement systems. Even in jurisdictions which are equipped 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 be maintained as confidential during and after their employment/engagement. These agreements also assign or otherwise vest rights in the intellectual property developed by these employees and advisors to 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 such violations are detected. 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, the results of our operations and our reputation.

#### Allegations of Infringement of Third- Party Intellectual Property poses Risks

We may face claims by third parties that our products infringe their intellectual property rights. Whether or not we ultimately 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. A loss or adverse settlement may require us to pay substantial sums of money in terms of damages. We may also be forced to seek licenses to continue to use the product that contains the specific intellectual property. These licenses may not be available on commercially acceptable terms or may not be available at all.

Furthermore, we are required to indemnify our customers against third-party claims of infringement of intellectual property arising out of our customers' use of our products and services. Typically, our liability for such indemnification is not limited by limitation of liability provisions in our 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 (s) from the customer for damages and may also significantly damage our reputation.

We have a consistent protocol of requiring NDAs before disclosure of our trade secrets/confidential information to third parties. Employees sign confidentiality terms as a part of their employment agreement.

Historically, we have not received any allegation of infringement of third-party intellectual property against our products nor our services. However, especially since we invest in and introduce new product lines, allegations of infringement of third-party intellectual property rights, against us or our customers with respect to our products or services, or any allegation of breach of our confidentiality obligations to our customers could arise and this could have a materially adverse impact on our business, financial condition the results of our operations and our reputation.

#### 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, increasing annuity revenue such as through managed services and also looking to grow revenues from Horizon 2 areas of IOT Security, ROC Insights etc.

#### 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 a need 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 are carried out based on a defined program. These audits cover the Delivery and Corporate functions based on the scope of certification

for management systems which is currently defined as per the requirements of ISO 27001:2013, GDPR and ISO 9001:2015. 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 repository is in place to cover all policies, processes and controls, which is easily accessible to all employees to ensure strict process adherence.

#### 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. Our management is attempting to mitigate this risk through hedging by obtaining forward contracts against its revenue and receivables.

#### 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 enumerated under them. Any failure to fulfill these contractual obligations may expose us to financial, reputational and other risks.

We are confident we have taken sufficient measures to assure it meets the contractual obligations under the customer contract. Nonetheless, there cannot be any assurance that a customer will not allege a breach by us of our obligations.

#### Debt Obligation

The Company did not have any debt obligation as on March 31, 2022.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In accordance with the provision of Section 134(5)(e) of the Companies Act, 2013, and as per the provisions of the SEBI (LODR), Regulations, 2015, the Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Such Internal Financial Controls were found to be adequate for a Company of this size. The controls are largely operating effectively since there has not been identification of any material weakness in the Company. The Directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparations, reliable financial information. The Company has adopted accounting policies which are in line with Indian Accounting Standards ("Ind AS").

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems and continued 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) confirmed the same to this effect.

The Internal Auditors monitor and evaluate the effectiveness 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 9001:2015 (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.

Subex conducts security awareness programs and improve the existing business continuity controls. Additionally, we continued to identify and involve relevant stakeholders to review and align the processes to Subex's Business objectives.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Financial Highlights/Year Ending 31 <sup>st</sup> March	2021-22		2020-21	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	33,344	6,836	37,203	2,916
Total Income	34,381	6,842	37,677	5,510
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	2,526	832	8,472	302
Profit/(Loss) before Exceptional items & tax	3,369	(447)	8,650	2,882
Exceptional Items	-	-	287	(231)
Profit/(Loss) before tax	3,369	(447)	8,937	2,651
Tax expenses	1,270	(-)	3,765	29
Profit/ (Loss) after tax	2,099	(447)	5,172	2,622
Other comprehensive income	203	(3)	624	NIL
Equity dividend %	5%	5%	10%	10%
Share Capital	28,100	28,100	28,100	28,100
Reserves & Surplus	28,267	20,826	26,755	22,066
Net worth	56,357	48,926	54,855	50,166
Gross Property, Plant & equipment, right-of-use asset and other intangible assets	5,706	6,263	5,786	6,259
Net Property, Plant & equipment, right-of-use asset and other intangible assets	2,359	715	3,139	874
Total Assets	72,008	54,364	72,666	57,919

## COMMENTARY ON FINANCIAL STATEMENTS

### Share Capital

As at March 31, 2022, the issued, subscribed and paid-up share capital of the Company was ₹ 281,00,14,675 (Rupees Two hundred and eighty one crores, fourteen thousand, six hundred and seventy five only) divided into 56,20,02,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹ 5 (Rupees five only) each. The Company has not allotted equity shares in FY 2021-22.

### Reserves and Surplus

#### Securities premium

On standalone and consolidated basis, the balance of security premium as at March 31, 2021 amounted to ₹ 16,444 lakhs. During the year 2021-22, ₹ 114 lakhs has been transferred to securities premium on exercise of share options by employees. As at March 31, 2022, the balance of security premium was ₹ 16,558 lakhs.

#### Retained Earnings

On a standalone basis, as at March 31, 2021, there was surplus balance in retained earnings amounting ₹ 1,952 lakhs. As at March 31, 2022, the surplus balance has decreased to ₹ 135 Lakhs.

On a consolidated basis, as at March 31, 2021, there was surplus in retained earnings amounting ₹ 20,987 lakhs. As at March 31, 2022, the surplus balance has increased to ₹ 21,655 Lakhs

#### Exchange differences on translating the financial statements of a foreign operation

During the year 2020-21, the balance of Foreign Currency Translation Reserve of ₹ 11,570 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

During the year 2021-22, the balance of Foreign Currency Translation Reserve of ₹ 11,303 Lakhs has been included in the Reserves and Surplus to bring it in line with Schedule III of the Act.

#### Total equity attributable to equity holders of the company

On a standalone basis, the total equity attributable to equity holders of the Company is at ₹ 48,926 lakhs as at March 31, 2022, as compared to ₹ 50,166 lakhs as at March 31, 2021.

On a consolidated basis, the total equity attributable to equity holders of the Company has increased to ₹ 56,367 lakhs as at March 31, 2022 from ₹ 54,855 lakhs as at March 31, 2021. The movement was primarily on account of profits earned during the year, dividend paid to the shareholders and exchange gain on foreign currency translation.

#### Employee Stock Options Plan

Under the Subex Employees Stock Option Scheme-2018 Company has granted 1,448,000 options during the year ended March 31, 2022 as compared to 1,240,500 options during March 31, 2021. The net amount carried in respect of stock options outstanding at March 31, 2022 amounts to ₹ 267 Lakhs (Previous year : ₹ 232 Lakhs).

#### Property, plant, equipment, right-of-use asset and other intangible assets

During the year, the Company added ₹ 319 Lakhs on consolidated basis and ₹ 4 Lakhs on standalone basis, to its gross block. The Company disposed-off certain assets no longer required. Also, the Company has classified land use-rights related net block to right-of-use assets on account of adoption of Ind AS 116 – Leases. As at March 31, 2022, the balance in right-of-use asset stands at ₹ 1,386 Lakhs on consolidated basis and ₹ 36 lakhs on standalone basis. Refer Note 29 of consolidated financial statement and Note 28 of standalone financial statement for further details.

The Company's net block of property, plant and equipment, right-of-use asset and other intangible assets was ₹ 2,359 Lakhs (Previous year ₹ 3,139 Lakhs) on consolidated basis and ₹ 715 lakhs (Previous year ₹ 874 lakhs) on standalone basis.

#### Goodwill

On a consolidated basis, carrying value of goodwill as at March 31, 2022 and March 31, 2021 stood at ₹ 34,409 lakhs .

#### Investments

On a standalone basis, the total investment value as at March 31, 2022 and as at March 31, 2021 stood at ₹ 42,761 Lakhs and ₹ 47,561 Lakhs respectively.

During the year 2021-22 and previous year 2020-21, there is no diminution in the carrying value of investment. in Subex Digital LLP, Subex Americas Inc. The carrying value of these investments remains at ₹ 1,869 Lakhs and ₹ 936 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. As at March 31, 2022, on a standalone basis trade receivable amounted to ₹ 5,824 lakhs (previous year; ₹ 2,184 lakhs) net of provision for doubtful debts of ₹ 2,239 lakhs (previous year; ₹ 2,239 lakhs).

On a consolidated basis trade receivable amounted to ₹ 9,681 lakhs (previous year ₹ 9,956 lakhs) net of provision for doubtful debts of ₹ 1,834 lakhs (previous year ₹ 2,088 lakhs).

#### Cash and Cash Equivalents

On a standalone basis, balance in current and deposit accounts stood at ₹ 802 lakhs as at March 31, 2022, as compared to ₹ 397 lakhs as at March 31, 2021.

On a consolidated basis, balance in current, EEFC and deposit accounts stood at ₹ 8,539 lakhs as at March 31,2022 as compared to ₹ 14,294 lakhs as at March 31, 2021.

#### Loans and Advances

It represents rent deposit, electricity deposit, telephone deposits and employee advances of like nature.

#### Borrowings

On a consolidated basis, short-term borrowings as at March 31, 2022 was Nil (Previous year ₹ 584 Lakhs).

#### Income

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 are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

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

With effect from January 01, 2021, the Company has carried out strategic re-organization and decided to centralize certain key Sales and Business support functions, to drive better efficiency of scale and overall operations. Accordingly, all such employees in sales and business support functions from other group entities in India have been transferred to the Company.

Pursuant to the above re-organization, common costs pertaining to sales and business support function amounting to ₹ 4,618 lakhs has been recovered by the Company with an agreed mark-up from other group entities and is reflected under revenue from operations.

#### Other Income

Other income consists of income derived by the Company from interest on deposits from banks, refund of research and development expense.

#### Expenditure

The employee benefits expenses increased to ₹ 21,449 lakhs compared to previous year at ₹ 19,720 lakhs on consolidated basis. Increase on consolidated is majorly on account of new additions to the headcount.

With effect from January 01, 2021, the Company has carried out strategic re-organization and decided to centralize certain key Sales and Business support functions, to drive better efficiency of scale and overall operations. Accordingly, all such employees in sales and business support functions from other group entities in India have been transferred to the Company resulting in increase of employee benefits expense on standalone basis from ₹ 1,361 lakhs during previous year to ₹ 4,293 lakhs during year ended March 31, 2022.

#### Operating Profits

During the year, on consolidated basis, the Company earned an Operating Profit before interest, depreciation, tax, amortization and exceptional items, of ₹ 3,514 Lakhs being 10.5% of total revenue as against ₹ 9,850 Lakhs at 26.5% of total revenue during the previous year. Decrease is majorly on account of increase in expenditure by ₹ 2,477 Lakhs and decrease in revenue by ₹ 3,859 Lakhs.

On a standalone basis, the Company incurred Operating profit before Interest, depreciation, tax and exceptional items of ₹ 995 Lakhs (excluding other income and share of profit/loss from LLP's) being 14.6% of total income (excluding other income and share of profit/loss from LLP's) as against operating profit of ₹ 495 Lakhs at 17% during the previous year. Increase in profit is majorly on account of increase in revenue by ₹ 3,920 lakhs, compensated by increase in expense by ₹ 3,420 lakhs.

#### Interest

During the year ended March 31, 2022, company recognized interest expense totaling to ₹ 194 Lakhs (Previous year: ₹ 296 Lakhs) on a consolidated basis and ₹ 12 lakhs (Previous year: ₹ 14 Lakhs) on a standalone basis.

For the year ended March 31, 2022, expenditure includes interest on Lease liability recognized as per Ind AS 116, Leases amounting ₹ 124 Lakhs (Previous year ₹ 269 lakhs) and ₹ 4 Lakhs (Previous year ₹ 14 lakhs) on a consolidated and standalone basis respectively.

#### Depreciation

During the year ended March 31, 2022, depreciation expense amounted to ₹ 988 Lakhs (Previous year: ₹ 1,378 Lakhs) on consolidated basis and ₹ 163 Lakhs (Previous year: ₹ 193 Lakhs) on standalone basis.

For the year ended March 31, 2022, depreciation and amortization include depreciation on right of use asset recognized as per Ind AS 116- Leases, amounting ₹ 457 Lakhs (Previous year ₹ 1,028 lakhs) and ₹ 10 Lakhs (Previous year ₹ 54 lakhs) on a consolidated and standalone basis respectively.

#### Tax Expense

For the year ended March 31, 2022, there was a tax expense of ₹ Nil (Previous year: tax expense of ₹ 29 lakhs) on a standalone basis.

On a consolidated basis, tax expense was ₹ 1,270 lakhs (previous year: ₹ 3,765 lakhs).

Tax expense for the year March 31, 2022 includes tax charge of ₹ 251 lakhs (Previous year ₹ 696 lakhs), deferred tax of ₹ 426 lakhs (Previous year ₹ 2,670 lakhs) and provision on Foreign tax credit of ₹ 593 (Previous year ₹ 399 lakhs).

#### Net Profit

On consolidated basis, the net profit of the Company amounted to ₹ 2,099 Lakhs as against a ₹ 5,172 Lakhs during the previous year. Total Comprehensive profit for the year is ₹ 2,302 Lakhs as compared to ₹ 5,796 Lakhs during previous year.

On standalone basis, the net loss of the Company amounted to ₹ 447 lakhs as against net profit of ₹ 2,651 Lakhs during the previous year. Total Comprehensive loss for the year is ₹ 450 Lakhs as compared to total comprehensive profit of ₹ 2,622 Lakhs during previous year

#### Earnings per Share

Basic Earnings per share computed based on number of common stock outstanding, as on the Balance Sheet date is ₹ 0.38 per share (Previous year: ₹ 0.96 per share) on a consolidated basis and loss of ₹ 0.08 per share [Previous year : Earning of ₹ 0.49 per share] on a standalone basis.

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

##### Subexians

FY22 turned out to be a year of experimentation as the overall corporate environment was impacted due to the pandemic. Remote working became the norm and we tried to enable all Subexians to work as effectively and productively as possible through this year.

Our endeavour was to enhance the Subexian experience throughout his/her lifecycle spanning recruitment, onboarding, performance, learning & growth and offboarding. As an organization, we take pride in ensuring the experience of each Subexian is positive and meaningful.

Our employees are spread across the globe and the larger centres are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2022, we had 1000+ 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 for talent development.

Our existing HR policies continue. Work from home, Sabbatical, Certification, Team Outing are examples of a few policies which are employee focused. We recognized that remote working is a reality and the new way of working.

### The Subex Handbook

As we grow, it is imperative that we document the vast amount of information about Subex as an organization, and the work we do. We needed a central repository about Subex and its functions for the easy access and consumption of any Subexian, new or old. Addressing this need, we have put together a Subex Handbook, a ready reckoner for everything one needs to know about Subex, and this continues to be updated

This Subex Handbook is a living repository and will undergo continuous up-dations.

### Key hires for the year

Over the period of the last twelve months, we have hired senior executives from the industry to fuel our growth strategy and help take Subex to the next frontier of growth. We hired our new CFO, Sumit Kumar in FY22 among other functional leaders.

### Recruitment

A lot of our recruitment was executed remotely given the pandemic environment. To add to the rigor and efficacy of the recruitment process, we initiated steps that would enable us to show measurable impact on the growth and quality of the workforce.

The well-established processes like Coffee with the Hiring Manager, Post- offer feedback, Subexian referral program, partner feedback, interviewer feedback, Buddy Programme etc., continue. The focus last year was also on hiring key global talent to fuel our growth objectives. Our campus hires and internship programmes were successfully conducted as we are cognizant of the need to bring on board fresh, young minds to infuse innovation within Subex.

### Subexian Onboarding

Most of our onboarding last year was carried out remotely. Our onboarding process has always been well recognized and appreciated. Our robust and comprehensive onboarding process with a clear goal of creating a great day-one experience continued. All paperwork is typically done online before the joining date and this has helped save tremendous amount of time for new joiners when they join Subex. The process does not limit to only day one. Quantifiable processes to cover the new joiner's 30-60-90 training plan, regular polls and interventions take place to assess employee engagement. The new joiner 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 continued on encouraging and developing 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.

### Learning & Growth

Learning & development analysis is a continuous process to align people skills with business goals. We have attempted to bring all learning at Subex together, under one roof, in order for Subexians to provide a consistent and robust learning experience. In continuation with the programmes and initiatives of last year, like the skill / competency matrix, we have also brought in a streamlined focus on curated learning, with a mix of external and internal training focused at specific groups and sections of Subexians.

### Rewards & Recognition

We understand the importance of what appreciating and rewarding good performance and talent is. We revamped our rewards and recognition programme and have further automated it with additional features to help Subexians promote and establish a sound recognition culture. 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
- In addition to the specific initiatives we launched last year, like WoW, which continue, we also introduced Subexian profiling platforms through the Internal Communications channel that appreciate and communicate the work done by Subexians to the entire organization.

### Compensation

One of the main cornerstones of an employee's willingness to stay with an organization is compensation, and we recognize that. Subex is committed to the growth and development of its employees and will continue to invest in mind, money and effort towards this. We look at compensation holistically at Subex, and provide a suitable combination of fixed salary, variable salary, benefits, health and disability insurance, etc.

We constantly keep abreast of industry trends and benchmarks and try to maintain a balanced approach to compensation. We also arrive at the salary bands of Subexians by conducting comprehensive job matching, data validation and quality audits.



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# STANDALONE FINANCIAL STATEMENTS

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# 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, 2022, the Standalone Statement of Profit and Loss, including the statement of Other Comprehensive (Loss)/Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS 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, 2022, its loss including other comprehensive (loss)/ 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, 2022. These matters were addressed in the context of our audit of the standalone 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 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
<b>Impairment assessment of investments in subsidiaries (as described in note 5 of the standalone Ind AS financial statements)</b>	
<p>As at March 31, 2022, the net carrying value of investment in wholly owned subsidiaries in the standalone Ind AS balance sheet amounts to ₹ 42,761 lakhs.</p> <p>To assess if there is an impairment of the carrying value of 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.</p> <p>The recoverable amount is estimated by calculating the value in use by discounting future cash flows based on future business plans which are reviewed and approved by the Board of Directors of the Company.</p> <p>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 rate.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>(i) We evaluated the Company's internal controls over its annual impairment assessment and key assumptions applied such as revenue growth, operating margins, discount rates and terminal growth rates;</li> <li>(ii) We have obtained the valuation assessment from the management and assessed the key assumptions used;</li> <li>(iii) We assessed the recoverable value headroom by performing sensitivity testing of key assumptions used;</li> <li>(iv) We tested the arithmetical accuracy of the impairment models used;</li> <li>(v) We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable; and</li> <li>(vi) We assessed the disclosures made in the standalone Ind AS financial statements.</li> </ul>

**Evaluation of key tax matters** (as described in note 33 of the standalone Ind AS financial statements)

The Company operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing and indirect tax matters. These involve significant judgment by the Company to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the standalone financial statements, which 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 confirmation from management's expert on ongoing litigations along with risk assessment and assessed the independence, objectivity and competence of the management expert;
- (iii) We obtained details of tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management;
- (iv) 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; and
- (v) We assessed the adequacy disclosures made in the standalone Ind AS 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, Business Responsibility Report and Report on Corporate Governance (hereinafter together referred to as "reports"), 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 identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS 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 and Those Charged with Governance 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 (loss)/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 Charged with Governance 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 with reference to financial statements 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, 2022 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, 2020 ("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 (Loss)/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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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, 2022 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;
  - (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 its standalone Ind AS financial statements – Refer note 33 to the standalone Ind AS financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared and paid during the year by the Company is in compliance with section 123 of the Act.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership number: 213803

UDIN: 22213803AJXLIP6256

Place of Signature: Bengaluru

Date: May 30, 2022

## Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Standalone Ind AS Financial Statements of Subex Limited

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles 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 (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) held by the Company and accordingly, the requirements under paragraph 3(ii)(c) of the Order are not applicable to the Company.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) According to the information and explanations given by the management, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to the Company.

Name of the Entity	Amount	Due date	Extent of delay	Remarks, if any
Subex Technologies Limited	₹ 1,706 Lakhs	Note 1	Note 1	The amount given to the subsidiary is fully provided for, in the books of the Company.

Note 1: The Company had granted the above loans in earlier years which have been fully impaired in the books of the Company in earlier years. Further, no interest is accrued in respect of these loans.

- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties (i.e. employees) which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to other parties (i.e. employees) which have fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties

- (b) According to the information and explanations given by the management, the Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year, the Company has provided advances in the nature of loans to other parties (i.e. employees) as follows:

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/provided during the year - Others (i.e. employees)	-	-	-	₹ 13.50 Lakhs
Balance outstanding as at balance sheet date in respect of above cases - Others (i.e. employees)	-	-	-	₹ 9.85 Lakhs

- (b) During the year, the terms and conditions of the grant of all loans and advances in the nature of loans to other parties (i.e. employees) are not prejudicial to the Company's interest.
- (c) The Company has granted advance in the nature of loans during the year to other parties (i.e. employees) where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. In case of following party where loans were granted in earlier years, there are no repayments of principal and interest:

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given by the management, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ("the Act") are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company. However, in case on one subsidiary where the loan granted during previous years amounting to INR 1,706 lakhs has been provided for in previous years considering the financial position of the said subsidiary.

- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (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 regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance,

income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, there are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other statutory dues 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	151	-	2014-15	Income Tax Appellate Tribunal ('ITAT'), Bangalore
		1,397	1,397	2013-14	Income Tax Appellate Tribunal ('ITAT'), Bangalore
		379	379	2010-11	Hon'ble High Court of Karnataka
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, 2022.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause ix(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause ix(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures.
- (f) On an overall examination of the financial statements, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures.
- (x) (a) According to the information and explanation given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) The Company experienced a cybersecurity incident related to ransomware as detailed in the Note 44 of the standalone Ind AS financial statement of the Company. According to the information and explanation given by the management, the Company did not have any material financial impact.

- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by secretarial audit or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) In our opinion, the Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is 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) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (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 its directors, as referred to in section 192 of the Act and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given by the management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses in the current year amounting to ₹ 284 lakhs. In the immediately preceding financial year, the Company had not incurred cash losses.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the standalone Ind-AS financial ratios disclosed in note 40 to the standalone Ind-AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company does not have any obligation to incur expenses in relation to Corporate Social Responsibility as disclosed in note 39 to the standalone Ind-AS financial statements. Accordingly, the requirement to report on clause (xx)(a) and (b) of the Order is 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  
UDIN: 22213803AJXLIP6256

Place of Signature: Bengaluru  
Date: May 30, 2022



## 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 with reference to standalone Ind AS financial statement of Subex Limited ("the Company") as of March 31, 2022 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 ("ICAI"). 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 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 Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls 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 with reference to these standalone Ind AS financial statements.

### Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

A Company's internal financial control with reference to 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 with reference to 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 With Reference to Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, 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 issued by ICAI.

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

per Rajeev Kumar  
Partner  
Membership number: 213803  
UDIN: 22213803AJXLIP6256

Place of Signature: Bengaluru  
Date: May 30, 2022

## STANDALONE BALANCE SHEET

as at March 31, 2022

(₹ in Lakhs)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	29	53
Right-of-use assets	28	36	46
Intangible assets	4	650	775
<b>Financial assets</b>			
Investments	5	42,761	47,561
Other financial assets	10	26	14
Income tax assets (net)	11	2,903	2,900
Deferred tax asset (MAT credit entitlement)	12	141	-
Other non-current assets	13	12	-
		46,558	51,349
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	6	30	26
Trade receivables	7	5,824	2,184
Cash and cash equivalents	8	802	397
Other balances with banks	9	75	-
Other financial assets	10	1,012	3,900
Other current assets	13	63	63
		7,806	6,570
<b>Total assets</b>		<b>54,364</b>	<b>57,919</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	28,100	28,100
Other equity	15	20,826	22,066
<b>Total equity</b>		<b>48,926</b>	<b>50,166</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	28	27	35
Provisions	19	100	116
		127	151

## STANDALONE BALANCE SHEET (contd.)

as at March 31, 2022

(₹ in Lakhs)

	Notes	As at March 31, 2022	As at March 31, 2021
Current liabilities			
Financial liabilities			
Lease liabilities	28	11	11
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	16	134	3
- total outstanding dues of creditors other than micro enterprises and small enterprises	16	1,031	355
Other financial liabilities	17	3,767	6,909
Other current liabilities	18	104	99
Provisions	19	122	90
Income tax liabilities (net)	20	142	135
		5,311	7,602
Total liabilities		5,438	7,753
Total equity and liabilities		54,364	57,919
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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(₹ in Lakhs)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021	
<b>1</b>	<b>Income</b>			
	Revenue from operations	21	6,836	2,916
	Share of profit from Limited Liability Partnerships	22	-	2,585
	Other income	23	6	9
	<b>Total income</b>		<b>6,842</b>	<b>5,510</b>
<b>2</b>	<b>Expenses</b>			
	Employee benefits expense	24	4,293	1,361
	Finance costs	25	12	14
	Depreciation and amortization expense	26	163	193
	Share of loss from Limited Liability Partnerships	22	1,273	-
	Other expenses	27	1,548	1,060
	<b>Total expenses</b>		<b>7,289</b>	<b>2,628</b>
<b>3</b>	<b>(Loss)/ Profit before exceptional items and tax expense (1-2)</b>		<b>(447)</b>	<b>2,882</b>
<b>4</b>	<b>Exceptional items</b>			
	Gain on termination of lease agreement	28	-	36
	Provision for service tax receivable	13	-	(267)
	<b>Total exceptional items</b>		<b>-</b>	<b>(231)</b>
<b>5</b>	<b>Net (loss)/ profit before tax expense (3+4)</b>		<b>(447)</b>	<b>2,651</b>
<b>6</b>	<b>Tax expense (net):</b>			
	Current tax charge	20	141	35
	MAT credit entitlement		(141)	-
	Reversal - foreign withholding taxes	20	-	(6)
			-	29
<b>7</b>	<b>Net (loss)/ profit for the year (5-6)</b>		<b>(447)</b>	<b>2,622</b>
<b>8</b>	<b>Other comprehensive (loss)/ income ('OCI'), net of tax expense</b>			
	Items that will not be reclassified subsequently to profit or loss			
	Re-measurement loss on defined benefit plans	35	(3)	-
	<b>Total other comprehensive (loss)/ income</b>		<b>(3)</b>	<b>-</b>
<b>9</b>	<b>Total comprehensive (loss)/ income for the year attributable to equity holders of the Company (7+8)</b>		<b>(450)</b>	<b>2,622</b>
<b>10</b>	<b>(Loss)/ earnings per equity share [ of ₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020) (March 31, 2021: ₹ 5)]</b>	<b>29</b>		
	Basic (₹)		(0.08)	0.49
	Diluted (₹)		(0.08)	0.48
	Corporate information and significant accounting policies	<b>1 &amp; 2</b>		
	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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## for the year ended March 31, 2022

### A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020, issued, subscribed and fully paid-up		
As at April 1, 2020	56,20,02,935	56,200
Issued during the year	-	-
Adjustment pursuant to Capital reduction order		(28,100)
As at March 31, 2021	56,20,02,935	28,100
Issued during the year	-	-
As at March 31, 2022	56,20,02,935	28,100

### B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of company						Total
	Reserves and surplus						
	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, 2020	2,776	26,712	1,780	114	(36,325)	(1,233)	(6,176)
Add: Profit for the year	-	-	-	-	2,622	-	2,622
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	(22)	(22)
Add: Share based expenses (refer note 34)	-	-	-	147	-	-	147
Add/(less): On account of exercise of stock options	-	33	-	(26)	-	134	141
Add/(less): On account of vested options lapsed during the year	-	-	3	(3)	-	-	-
Add/ (less): Adjustment pursuant to Capital reduction order (refer note 14)	-	(10,301)	-	-	38,401	-	28,100
Less: Dividends [refer note 15(a)]	-	-	-	-	(2,746)	-	(2,746)
As at March 31, 2021	2,776	16,444	1,783	232	1,952	(1,121)	22,066
Less: Loss for the year	-	-	-	-	(447)	-	(447)
Less: Other comprehensive loss	-	-	-	-	(3)	-	(3)
Add: Share based expenses (refer note 34)	-	-	-	137	-	-	137
Add/(less): On account of exercise of stock options	-	114	-	(98)	-	424	440
Add/(less): On account of vested options lapsed during the year	-	-	4	(4)	-	-	-
Less: Dividend [refer note 15(a)]	-	-	-	-	(1,367)	-	(1,367)
As at March 31, 2022	2,776	16,558	1,787	267	135	(697)	20,826

Corporate information and significant accounting policies (refer notes 1 &amp; 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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

## STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(₹ in Lakhs)

		Year ended March 31, 2022	Year ended March 31, 2021
(A)	Operating activities		
	(Loss)/ profit before tax expense	(447)	2,651
	Adjustments to reconcile loss/ (profit) before tax expense to net cash flows:		
	Depreciation of property, plant and equipment and right-of-use assets	38	68
	Amortization of intangible assets	125	125
	Expense on employee share based payments	7	9
	Interest income (including fair value changes)	(4)	(9)
	Net gain on sale of investments	(1)	-
	Finance costs (including fair value changes)	12	14
	Allowance for expected credit losses	-	(23)
	Gain on termination of lease agreement	-	(36)
	Provision for service tax receivable	-	267
	Share of loss/ (profit) from Limited Liability Partnerships (net)	1,273	(2,585)
	Net foreign exchange differences	93	22
	<b>Operating profit before working capital changes</b>	<b>1,096</b>	<b>503</b>
	Working capital adjustments:		
	(Increase)/ decrease in loans	(4)	21
	(Increase)/ decrease in trade receivables	(3,619)	(1,139)
	(Increase)/ decrease in other financial assets	(43)	-
	(Increase)/ decrease in other assets	(12)	(43)
	Increase/ (decrease) in trade payables	824	73
	Increase/ (decrease) in other financial liabilities	(50)	464
	Increase/ (decrease) in other current liabilities	5	77
	Increase/ (decrease) in provisions	5	191
		(1,798)	147
	Income tax paid (including TDS, net of refund)	(137)	(2)
	<b>Net cash flows (used)/ from in operating activities</b>	<b>(1,935)</b>	<b>145</b>
(B)	Investing activities		
	Purchase of property, plant and equipment	-	(55)
	Drawings from Limited Liability Partnerships	9,074	2,600
	Share of loss paid to Limited Liability Partnership	(5,750)	-
	Sale of Investments	2,875	-
	Purchase of investments	(2,876)	-
	Movement in margin money deposit (net)	(75)	-
	Purchase of treasury shares by ESOP trust	-	(22)
	Interest received	3	7
	<b>Net cash flows from investing activities</b>	<b>3,251</b>	<b>2,530</b>

## STANDALONE STATEMENT OF CASH FLOWS (contd.)

for the year ended March 31, 2022

(₹ in Lakhs)

		Year ended March 31, 2022	Year ended March 31, 2021
(C)	Financing activities		
	Proceeds from exercise of ESOP	440	141
	Interest paid	(4)	(14)
	Repayment of Lease liability	(8)	(51)
	Payments of dividend [refer note 15(a)]	(1,339)	(2,746)
	Net cash flows used in financing activities	(911)	(2,670)
(D)	Net increase in cash and cash equivalents (A+B+C)	405	5
	Cash and cash equivalents at the beginning of the year	397	392
(E)	Cash and cash equivalents at year end (refer note 8)	802	397

Refer to note 28 for supplementary information on statement of cash flows

Corporate information and significant accounting policies (refer notes 1 &amp; 2)

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

As per our report of even date

For and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

per Rajeev Kumar  
Partner  
Membership No.: 213803

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 30, 2022

Date: May 30, 2022

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

## 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, Bangladesh 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 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.

Further, the Board of Directors of the Company in its meeting held on October 28, 2021 has approved the restructuring of the business, subject to all requisite approvals, wherein the business carried out by Subex Assurance LLP will be transferred to Subex Limited on a 'going concern' basis excluding Developed Technology and Investment in subsidiaries. The aforesaid restructuring is being carried out to achieve higher operational efficiencies upon integration and consolidation of business in the listed entity. On February 23, 2022, the shareholder of the Company approved the aforesaid restructuring through postal ballot.

These standalone financial statements for the year ended March 31, 2022 are approved by the Board of Directors on May 30, 2022.

## 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 ("the Act") 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 is controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated [refer note 2(o) and note 34].

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:

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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 35).

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.

#### 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 34.

#### 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 for uncertain tax positions. Also refer note 2(r) and note 20.

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.

#### Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts [Refer to note 2(j)].

#### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

- 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

Revenue from Support Services to group entities/related parties- Support Service income is recognized as services are rendered, on the basis of an agreed mark up on costs incurred, in accordance with the agreement entered into with group entities.

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

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 recognized:

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.

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 Services 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.

#### Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

Applying the practical expedient as given in Ind AS 115, the Company 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.

#### 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 equipment	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Leasehold improvements	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 and amortization of intangibles are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### h. Impairment

##### Impairment of 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

### Impairment of non-financial assets

Non-financial assets including Property, plant and equipment, intangible assets and right-of-use asset 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 LLPs 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. The Company has presented share of profit and share of loss from on net basis as the management considers the net income/expense to be its return on investment in LLP.

### j. Leases

The Company assesses at contract inception whether a contract is/ contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer note 2(h) Impairment of non-financial assets.

#### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

#### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leased assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leased assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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.

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'.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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.

#### 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. Management periodically evaluates positions taken in the tax returns with respect to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

#### Deferred income tax

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

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

#### 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. Cash dividend to the equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors

#### 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 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.

#### v. 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, 2022

w. **New Accounting standards, amendments and interpretations not yet adopted by the Company:**

**Companies (Indian Accounting Standards) Amendment Rules, 2022**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable for annual periods beginning on or after April 1, 2022, as below:

**Amendments to Ind AS 103 – Business Combinations – Reference to Conceptual Framework**

The amendments specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The adoption of amendments to Ind AS 103 is not expected to have any material impact on the standalone financial statements.

**Amendments to Ind AS 109 – Financial Instruments**

The amendments clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether

to derecognize a financial liability. The adoption of amendments to Ind AS 109 is not expected to have any material impact on the standalone financial statements.

**Amendments to Ind AS 16 – Property, Plant and Equipment – Proceeds before intended use**

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The adoption of amendments to Ind AS 16 is not expected to have any material impact on the standalone financial statements.

**Amendments to Ind AS 37 – Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (for example, direct labour and materials); or an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others). The adoption of amendments to Ind AS 37 is not expected to have any material impact on the standalone financial statements.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Office equipment	Total
<b>Cost</b>						
As at April 1, 2020	73	1	2	-	4	80
Additions	46	-	-	9	-	55
Disposals	(4)	-	-	-	-	(4)
As at March 31, 2021	115	1	2	9	4	131
Additions	4	-	-	-	-	4
Disposals	-	-	-	-	-	-
As at March 31, 2022	119	1	2	9	4	135
<b>Depreciation</b>						
As at April 1, 2020	63	-	2	-	3	68
Charge for the year	13	-	-	-	1	14
Disposals	(4)	-	-	-	-	(4)
As at March 31, 2021	72	-	2	-	4	78
Charge for the year	25	1	-	2	-	28
Disposals	-	-	-	-	-	-
As at March 31, 2022	97	1	2	2	4	106
<b>Net block</b>						
As at March 31, 2021	43	1	-	9	-	53
As at March 31, 2022	22	-	-	7	-	29

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 4. Intangible assets

(₹ in Lakhs)

	Computer Software	Intellectual Property Rights	Total
Cost			
As at April 1, 2020	130	6,078	6,208
Additions	-	-	-
Disposals	(130)	-	(130)
As at March 31, 2021	-	6,078	6,078
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2022	-	6,078	6,078
Amortization and impairment*			
As at April 1, 2020	130	5,178	5,308
Amortization for the year	-	125	125
Disposals	(130)	-	(130)
As at March 31, 2021	-	5,303	5,303
Amortization for the year	-	125	125
Disposals	-	-	-
As at March 31, 2022	-	5,428	5,428
Net block			
As at March 31, 2021	-	775	775
As at March 31, 2022	-	650	650

\*During the year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which had resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management carried out the annual impairment exercise as at December 31, 2019 in respect of its intangible assets and basis valuation carried out by an external expert had made an impairment provision of ₹ 3,599 Lakhs towards carrying value of intangible asset. As at March 31, 2022, the management has reassessed its projections and assumptions and has concluded that, the carrying value of its intangible asset is appropriate.

#### 5. Investments

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Non-current		
Investments carried at cost		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2021: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2021: ₹ 76,560 Lakhs)]*	936	936
49,99,991 (March 31, 2021: 49,99,991) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2021: ₹ 500 Lakhs)]	-	-
	936	936
B. Investments in limited liability partnership firms (refer note 22)		
Investment in Subex Assurance LLP [Impairment on investment ₹ 16,808 Lakhs (March 31, 2021: ₹ 16,808 Lakhs) and drawings from capital account of ₹ 4,800 Lakhs (March 31, 2021: Nil)]*	39,956	44,756
Investment in Subex Digital LLP*	1,869	1,869
	41,825	46,625
Total Investments carried at cost (A+B)	42,761	47,561

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 5. Investments (contd.)

(₹ in Lakhs)

Aggregate amount of unquoted investments in subsidiaries	1,36,629	1,41,429
Aggregate amount of impairment on investments	93,868	93,868
	42,761	47,561

\*As at March 31, 2022, the Management has assessed the carrying value of the investment in its subsidiaries, based on future operational plan and projected cash flows. Considering the aforesaid assessment, the management is of the view that, the carrying value of the investment in subsidiaries as at March 31, 2022 is appropriate.

#### 6. Loans

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
<b>Loan receivable</b>		
Loan receivable - credit impaired		
Loans to related parties (refer note 31)	1,706	1,706
	1,706	1,706
<b>Impairment Allowance for loan receivable</b>		
Loan Receivables - credit impaired		
Loans to related parties (refer note 31)	(1,706)	(1,706)
<b>Total</b>	-	-
<b>Current</b>		
Unsecured, considered good		
Loans and advances to employees	30	26
<b>Total</b>	30	26

#### 7. Trade receivables\*

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, considered good</b>		
Trade receivables from related parties (refer note 31)	5,339	1,768
Trade receivables from other than related parties	485	416
<b>Unsecured, which have significant increase in credit risk</b>		
Trade receivables from related parties	-	-
Trade receivables from other than related parties	-	-
<b>Unsecured, credit impaired</b>		
Trade receivables from related parties (refer note 31)	1,874	1,874
Trade receivables from other than related parties	365	365
<b>Total (a)</b>	8,063	4,423
<b>Impairment allowance (allowance for expected credit loss)</b>		
Receivable from related parties, credit impaired (refer note 31)	(1,874)	(1,874)
Receivables from other than related parties, credit impaired	(365)	(365)
<b>Total (b)</b>	(2,239)	(2,239)
<b>Net Trade Receivables (a-b)</b>	5,824	2,184

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 7. Trade receivables\* (contd.)

Trade receivables ageing schedule

As at March 31, 2022

(₹ in Lakhs)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	2,767	2,333	301	-	423	-	5,824
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	2,147	2,147
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	92	92
<b>Total</b>	<b>2,767</b>	<b>2,333</b>	<b>301</b>	<b>-</b>	<b>423</b>	<b>2,239</b>	<b>8,063</b>
Less: Impairment allowance (allowance for expected credit loss)							(2,239)
<b>Net Trade Receivables</b>							<b>5,824</b>

As at March 31, 2021

(₹ in Lakhs)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1,656	113	-	415	-	-	2,184
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	59	2,091	2,150
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	89	89
<b>Total</b>	<b>1,656</b>	<b>113</b>	<b>-</b>	<b>415</b>	<b>59</b>	<b>2,180</b>	<b>4,423</b>
Less: Impairment allowance (allowance for expected credit loss)							(2,239)
<b>Net Trade Receivables</b>							<b>2,184</b>

\*includes dues from related parties. Refer note 31.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 8. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Balance with banks		
In current accounts	196	137
In EEFC accounts	16	-
Deposits with original maturity of less than 3 months	590	260
<b>A</b>	<b>802</b>	<b>397</b>
Other balances with banks		
Earmarked balances with banks being unpaid dividend accounts	28	-
Deposits with original maturity more than 3 months but less than 12 months	25	-
Margin money deposits with original maturity more than 3 months but less than 12 months	22	-
	75	-
Less: Disclosed under Other balances with banks (Current) (refer note 9)	(75)	-
<b>B</b>	<b>-</b>	<b>-</b>
<b>(A+B)</b>	<b>802</b>	<b>397</b>

For the purpose of the standalone statement of cash flows, cash and cash equivalents comprises of current portion of cash and cash equivalents as above.

### 9. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Other bank balances (refer note 8)		
Earmarked balances with banks being unpaid dividend accounts* <sup>^</sup>	28	-
Deposits with original maturity more than 3 months but less than 12 months	25	-
Margin money deposits with original maturity more than 3 months but less than 12 months	22	-
	75	-

<sup>^</sup> Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

\*These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities.

### 10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Security deposit	20	14
Margin money deposits with remaining maturity more than 12 Months	6	-
	26	14
<b>Current</b>		
Unbilled revenue	31	-
Share of profit in excess of drawings from Subex Assurance LLP (refer note 31)	979	3,900
Interest accrued but not due on bank deposits	2	-
	1,012	3,900

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Advance income-tax [net of provision for taxation ₹ 1,030 Lakhs (March 31, 2021: ₹ 995 Lakhs)]	2,903	2,900
	2,903	2,900

#### 12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Minimum alternative tax ('MAT') credit entitlement	566	425
Less: Provision for MAT credit*	(425)	(425)
	141	-

\*Represents MAT credit entitlement of ₹ 425 Lakhs been provided for considering the uncertainty as regards to its utilisation.

#### 13. Other assets

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Advance recoverable in cash or kind		
Prepaid expenses	12	-
Balance with statutory/ government authorities*	267	267
Less: Provision for service tax receivable	(267)	(267)
	12	-
<b>Current</b>		
Balance with statutory/ government authorities	29	9
Advance recoverable in cash or kind		
Prepaid expenses	34	6
Advance to suppliers	-	48
	63	63

\* Balances 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 was under dispute. During the previous year ended March 31, 2021, the Company has made provision of ₹ 267 Lakhs considering the uncertainty as regards to its realisation.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 14. Share capital

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020*		
As at April 1, 2020	58,80,40,000	58,804
Increase during the year	-	-
Increase pursuant to Capital reduction order*	58,80,40,000	-
As at March 31, 2021	1,17,60,80,000	58,804
Increase during the year	-	-
As at March 31, 2022	1,17,60,80,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2020	2,00,000	196
Increase during the year	-	-
As at March 31, 2021	2,00,000	196
Increase during the year	-	-
As at March 31, 2022	2,00,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020**		
As at April 1, 2020	56,20,02,935	56,200
Issued during the year	-	-
Adjustment pursuant to Capital reduction order*	-	(28,100)
As at March 31, 2021	56,20,02,935	28,100
Issued during the year	-	-
As at March 31, 2022	56,20,02,935	28,100

\* The Board of Directors in its meeting held on February 07, 2020, approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said Scheme vide its order dated September 23, 2020. Consequently, the Company filed a certified copy of Order with Registrar of Companies ('ROC') on September 29, 2020 and utilized an amount of ₹ 28,100 Lakhs from paid-up share capital of the Company by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and ₹ 10,301 Lakhs from securities premium to write-off its accumulated losses of ₹ 38,401 Lakhs.

^ includes 243,207 (March 31, 2021: 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 ₹ 5 per share w.e.f September 29, 2020 and ₹ 10 per share upto September 28, 2020. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as may be 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.

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) As at March 31, 2022 and as at March 31, 2021, there is no individual shareholder or shareholder (together with 'Persons acting in concert') holding more than 5% shares of the Company.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 14. Share capital (contd.)

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

	As at March 31, 2022	As at March 31, 2021
Outstanding employee stock options under below schemes granted/ available for grant:		
ESOP - V	1,25,33,720	1,98,71,500
	1,25,33,720	1,98,71,500

##### d) Number of treasury shares outstanding

	As at March 31, 2022	As at March 31, 2021
Balance as per last financial statements	1,98,71,500	2,19,75,000
Add: Additions during the year	-	2,50,000
Less: Exercise during the year	(73,37,780)	(23,53,500)
Closing balance	1,25,33,720	1,98,71,500

e) The Promoters, as defined by Companies Act 2013, do not hold any shares in the Company.

#### 15. Other equity

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Capital reserve</b>		
Balance as per last financial statements	2,776	2,776
Add: Additions during the year	-	-
Closing balance	2,776	2,776
<b>Securities premium</b>		
Balance as per last financial statements	16,444	26,712
Less: Adjustment pursuant to Capital reduction order	-	(10,301)
Add: On account of exercise of stock options	114	33
Closing balance	16,558	16,444
<b>General reserve</b>		
Balance as per last financial statements	1,783	1,780
Add: On account of vested options lapsed during the year	4	3
Closing balance	1,787	1,783
<b>Employee stock options reserve</b>		
Balance as per last financial statements	232	114
Add: Share based expenses	137	147
Less: On account of exercise of stock options	(98)	(26)
Less: On account of vested options lapsed during the year	(4)	(3)
Closing balance	267	232

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	1,952	(36,325)
Add: (Loss)/ profit for the year	(447)	2,622
Add: Adjustment pursuant to Capital reduction order	-	38,401
Less: OCI - Remeasurement loss on defined benefit obligations	(3)	-
Less: Dividends [refer 15(a)]	(1,367)	(2,746)
Closing balance	135	1,952
Treasury Shares		
Balance as per last financial statements	(1,121)	(1,233)
Less: Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust	-	(22)
Add: On account of exercise of stock options	424	134
Closing balance	(697)	(1,121)
Summary of other equity:		
Capital Reserve	2,776	2,776
The Company recognises profit and loss on transfer of business on account of restructuring to capital reserve.		
Securities premium account	16,558	16,444
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.		
General reserve	1,787	1,783
This represents appropriation of profit by the Company. Also, the amounts recorded in share options outstanding account are transferred to general reserve on account of lapse of vested stock options.		
Employee stock options reserve	267	232
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.		
Surplus/ (deficit) in the statement of profit and loss	135	1,952
This represents surplus/ (deficit) arising from operations of the Company.		
Treasury Shares	(697)	(1,121)
This represents own equity shares that are acquired from open market for issuance to employees under ESOP scheme.		
Total other equity	20,826	22,066

#### 15(a) Distributions made and proposed

During the year ended March 31, 2022, the Company has paid a final dividend of ₹ 0.25/- (5%) per equity share on face value of ₹ 5/- each for the financial year 2020-2021.

During the previous year ended March 31, 2021, the Company has paid an interim dividend of ₹ 0.50/- (10 %) per equity share on face value of ₹ 5/- each for the financial year 2020-2021.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 16. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	134	3
- total outstanding dues of creditors other than micro enterprises and small enterprises**	1,031	355
	1,165	358

#### \*Payable to micro enterprises and small enterprises

(₹ in Lakhs)

Description	As at March 31, 2022	As at March 31, 2021
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	134	3
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	-	-

Trade payable ageing schedule

As at March 31, 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	<1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	22	112	-	-	-	134
Total outstanding dues other than micro enterprises and small enterprises	125	93	811	2	-	-	1,031
Disputed dues - micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues - other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	125	115	923	2	-	-	1,165

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 16. Trade payables (contd.)

As at March 31, 2021

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	<1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	3	-	-	-	-	3
Total outstanding dues other than micro enterprises and small enterprises	87	219	49	-	-	-	355
Disputed dues - micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues - other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>87</b>	<b>222</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>358</b>

\*\* includes dues to related parties. Refer note 31.

#### 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 38

#### 17. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Share of Loss from Subex Digital LLP (refer note 31)	3,271	6,395
Employee related liabilities	464	512
Capital creditors	4	-
Payable to related parties (refer note 31)	-	2
Unclaimed dividend <sup>^</sup>	28	-
	<b>3,767</b>	<b>6,909</b>

<sup>^</sup> Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

#### 18. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Statutory dues	104	99
	<b>104</b>	<b>99</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 19. Provisions

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b) and 42]	100	116
	100	116
<b>Current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b) and 42]	34	26
Leave benefits (refer note 42)	88	64
	122	90

#### 20. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Provision for tax [net of advance tax ₹ 102 Lakhs (March 31, 2021: ₹ Nil)]	39	32
Provision for foreign taxes	1	1
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2021: ₹ 62 Lakhs)]*	102	102
	142	135

\* 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 33(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, 2022	As at March 31, 2021
<b>Tax expense:</b>		
Provision for MAT credit	-	-
Reversal - foreign withholding taxes*	-	(6)
MAT credit entitlement	(141)	-
MAT liability	141	35
	-	29

\*Represents reversal of provision in respect of foreign withholding taxes deducted/ deductible by the overseas customers of the Company, no longer required.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 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, 2022	As at March 31, 2021
(Loss)/ profit before tax expense	(447)	2,651
Applicable tax rates in India	34.94%	34.94%
Computed tax charge (A)	(156)	926
Components of tax expense:		
Reversal for foreign withholding taxes (net)	-	(6)
Exempt (income)/ expense - share of (profit)/ loss from LLP's	443	(903)
Brought forward loss set off	(332)	-
Impact of disallowable income/expense	45	12
Total adjustments (B)	156	(897)
Total tax expense (A+B)	-	29

In respect of carry forward losses as at March 31, 2022 and March 31, 2021, no deferred tax asset has been recognized in absence of reasonable certainty that future taxable profit will be available for utilisation since share of profit/loss from LLP is exempt in the hands of the Company.

#### 21. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Sale of services	6,814	2,714
Other operating income	22	202
	6,836	2,916
Disaggregation of revenue:		
Revenue by offering		
Sub-contracting services (refer note 31)	2,196	1,308
Support services (refer note 31 and 42)	4,618	1,406
	6,814	2,714

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

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Share of profit from Subex Assurance LLP	1,353	4,628
Share of loss from Subex Digital LLP	(2,626)	(2,043)
	(1,273)	2,585

\* The Company has presented share of profit and share of loss from Limited Liability Partnerships ('LLP') on net basis as the management considers the net income/expense to be its return on investment in LLP.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 23. Other income

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Interest income on:		
Security deposits	-	2
Bank deposits	5	7
Miscellaneous income	1	-
	6	9

### 24. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus (refer note 42)	3,973	1,270
Contribution to provident and other funds	146	43
Employee share based payments	7	9
Gratuity expense [refer note 35(b)]	23	10
Staff welfare expenses	144	29
	4,293	1,361

### 25. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on Lease liability	4	14
Finance cost on Actuarial valuation	8	-
	12	14

### 26. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	28	14
Depreciation on right-of-use assets	10	54
Amortization of intangible assets	125	125
	163	193

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 27. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Cost of hardware, software and support charges	2	11
Sub-contract charges	3	36
Rent	46	13
Power and fuel	3	8
Repairs and maintenance		
Building	-	2
Others	115	23
Insurance	1	1
Communication costs	16	14
Printing and stationery	1	-
Travelling and conveyance	136	-
Rates and taxes	69	72
Advertisement and business promotion	38	19
Consultancy charges	213	92
Commission to directors	36	48
Payments to auditors [refer note 27(i)]	39	39
Marketing and support service charges (refer note 31)	913	651
Allowance for expected credit loss (net)	-	(23)
Exchange fluctuation gain (net)	(143)	(13)
Directors sitting fees (refer note 31)	56	66
Bank Charges	4	1
	1,548	1,060

#### 27(i). Payments to auditors (excluding goods and services tax):

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>As auditor</b>		
Audit fee	35	35
Tax audit fee	1	1
<b>In other capacity</b>		
Other services (certification services)	2	2
Reimbursement of expenses	1	1
	39	39



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 28. Leases

During the previous year ended March 31, 2021, the Company had decided to shift from its earlier corporate office to a new premises in Bengaluru, India. Consequently, on account of the termination of lease agreement and in accordance with Ind AS 116 – 'Lease', the Company had written-off the amortized value of existing right-of-use asset of ₹ 195 Lakhs and Lease liability of ₹ 223 Lakhs determined till the completion of notice period and vacation of existing premises, and has recognized a net gain of ₹ 36 Lakhs as Exceptional Item.

On account of entering into the new lease agreement, the Company recognised a right-of-use asset of ₹ 50 Lakhs and lease liability of ₹ 48 Lakhs. The average incremental borrowing rate of 8.35% has been applied to lease liabilities recognised in the balance sheet at the date of commencement of the new lease.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The details of the right-of-use asset held by the Company is as follows:

	(₹ in Lakhs)	
	Buildings	Total
<b>Gross Carrying Value</b>		
As at April 1, 2020	311	311
Additions	50	50
Disposals on termination of lease agreement	(311)	(311)
As at March 31, 2021	50	50
Additions	-	-
Disposals	-	-
As at March 31, 2022	50	50
<b>Accumulated Depreciation</b>		
As at April 1, 2020	66	66
Charge for the year	54	54
Disposals on termination of lease agreement	(116)	(116)
As at March 31, 2021	4	4
Charge for the year	10	10
Disposals	-	-
As at March 31, 2022	14	14
<b>Net block</b>		
As at March 31, 2021	46	46
As at March 31, 2022	36	36

The Company incurred ₹ 46 Lakhs for the year ended March 31, 2022 (March 31, 2021: ₹ 13 Lakhs) towards expenses relating to short-term leases and leases of low-value assets.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 28. Leases (contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	46	272
Additions	-	48
Interest on lease liabilities	4	14
Payments	(12)	(65)
On account of lease modification	-	(223)
Closing balance	38	46
Current	11	11
Non-current	27	35

The following are the amounts recognised in statement of profit and loss:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use assets	10	54
Interest expense on lease liabilities	4	14
Expense relating to short-term leases (included in other expenses)	46	13
Gain on termination of lease agreement	-	(36)
Total amount recognised in statement of profit and loss	60	45

The Company had total cash outflows for leases of ₹ 12 Lakhs for the year ended March 31, 2022 (March 31, 2021: ₹ 65 Lakhs). There are no future cash outflows relating to leases that have not yet commenced.

Cash and non-cash changes in liabilities arising from financing activities:

(₹ in Lakhs)

	As at April 1, 2021	Cash flow	Non-cash changes - Interest on lease liability	As at March 31, 2022
Lease Liabilities	46	(12)	4	38
Total	46	(12)	4	38

(₹ in Lakhs)

	As at April 1, 2020	Cash flow	Non-cash changes *	As at March 31, 2021
Lease Liabilities	272	(65)	(161)	46
Total	272	(65)	(161)	46

\* Non-cash changes includes addition in lease liability, interest on lease liability and deletion in lease liability on account of lease modification.

#### 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 29. Earnings/ (loss) per share (contd.)

##### Computation of basic and diluted EPS:

	Year ended March 31, 2022	Year ended March 31, 2021
Nominal value per equity share (₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020)	5	5
(Loss)/ profit attributable to equity shareholders (₹ in Lakhs)	(447)	2,622
Weighted average number of equity shares (No. in Lakhs)*		
Basic	5,461	5,406
Diluted	5,548	5,513
(Loss)/ earning per share (₹ per share)**		
Basic	(0.08)	0.49
Diluted	(0.08)	0.48

\*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, 2022 are anti-dilutive (March 31, 2021: dilutive).

#### 30. 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, Australia and Bangladesh. Customer relationships are driven based on customer domicile.

##### Segment revenue by geographical location are as follows\*:

	(₹ in Lakhs)	
Region	Year ended March 31, 2022	Year ended March 31, 2021
Americas	373	430
EMEA	879	202
India	4,665	1,406
APAC	919	878
	6,836	2,916

\* Revenues by geographic area are based on the geographical location of the customer.

No external customer individually accounted for more than 10% of the total revenue of the Company during the years ended March 31, 2022 and March 31, 2021. Revenue from its subsidiaries accounts for more than 10% of the total revenues of the Company (refer note 31).

##### Non-current operating assets by geographical location are as follows\*\*:

	(₹ in Lakhs)	
Region	As at March 31, 2022	As at March 31, 2021
India	727	874
Outside India	-	-
Total non-current operating assets	727	874

\*\* Non-current operating assets includes Property, plant and equipment, Right-of-use assets, Other intangible assets, Balance with statutory/ government authorities and Prepaid expenses.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 31. 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  
 Subex Digital LLP  
 Subex Bangladesh Private Limited

##### Trust which is consolidated

Subex Employee Welfare and ESOP Benefit Trust

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

##### Key management personnel

Anil Singhvi	Chairman, Non-Executive & Non-Independent Director (w.e.f June 18, 2020)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
George Zacharias	Independent Director
Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer
Shiva Shankar Naga Roddam	Whole-time Director & Chief Operating Officer
G V Krishnananth	Company Secretary & Compliance Officer
Sumit Kumar	Chief Financial Officer (w.e.f January 31, 2022)
Venkatraman G S	Chief Financial Officer & Senior Vice President (upto December 10, 2021)

#### iii. Details of the transactions with the related parties during the year ended March 31, 2022:

##### A. Transactions with wholly owned subsidiaries

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Income from subcontracting and support services:</b>		
Subex Inc.	373	430
Subex (Asia Pacific) Pte. Limited	919	878
Subex Middle East (FZE)	857	-
Subex Assurance LLP (refer note 42)	4,137	1,331
Subex Digital LLP (refer note 42)	528	75
	<b>6,814</b>	<b>2,714</b>
<b>Marketing and support charges:</b>		
Subex Inc.	246	516
Subex Middle East (FZE)	218	-
Subex (UK) Ltd.	61	-
Subex (Asia Pacific) Pte. Limited	76	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 31. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Subex Assurance LLP (refer note 42)	251	131
Subex Digital LLP (refer note 42)	61	4
	913	651
<b>Employee Stock Option expenses allocated to:</b>		
Subex Assurance LLP	124	121
Subex Digital LLP	6	17
	130	138
<b>Reimbursement of expenses incurred by Subex Limited on behalf of its subsidiaries:</b>		
Subex (UK) Limited	1	1
Subex Middle East (FZE)	26	-
Subex Assurance LLP	180	56
Subex Digital LLP	123	3
Subex (Asia Pacific) Pte. Limited	2	18
Subex Inc.	1	-
Subex Americas Inc.	1	-
	334	78
<b>Reimbursement of expenses incurred by the subsidiaries on behalf of Subex Limited:</b>		
Subex Assurance LLP	76	48
Subex Middle East (FZE)	18	-
Subex (Asia Pacific) Pte. Limited	6	3
Subex (UK) Limited	4	-
Subex Inc.	2	1
	106	52
<b>Drawings during the year from Limited Liability Partnership:</b>		
Subex Assurance LLP (current account)	4,274	2,600
Subex Assurance LLP (capital account)	4,800	-
	9,074	2,600
<b>Reimbursement of share of loss to Limited Liability Partnership:</b>		
Subex Digital LLP	5,750	-
	5,750	-
<b>Advance repaid by Trust</b>		
Subex Assurance LLP	-	2
	-	2
<b>Share of profit/(loss) from Limited Liability Partnerships:</b>		
Subex Assurance LLP	1,353	4,628
Subex Digital LLP	(2,626)	(2,043)
	(1,273)	2,585
<b>Net liabilities transferred from (refer note 42):</b>		
Subex Assurance LLP	67	445
Subex Digital LLP	13	21
	80	466

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 31. Related party transactions (contd.)

##### B. Transactions with key managerial personnel

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Salary and perquisites*</b>		
Vinod Kumar Padmanabhan **	422	57
Venkatraman G S **	327	113
G V Krishnakanth **	77	46
Shiva Shankar Roddam**	426	17
Sumit Kumar	17	-
	1,269	233
<b>Dividend paid</b>		
Vinod Kumar Padmanabhan	-	2
Venkatraman G S	2	2
Shiva Shankar Roddam	1	1
Anil Singhvi^	-	-
G V Krishnakanth^^	-	-
	3	5
<b>Director sitting fees</b>		
Anil Singhvi	18	20
Nisha Dutt	14	16
Poornima Prabhu	13	19
George Zacharias	11	11
	56	66
<b>Commission payable</b>		
Anil Singhvi	11	12
Nisha Dutt	9	12
Poornima Prabhu	7	12
George Zacharias	9	12
	36	48

\* 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 ended March 31, 2022, the Company has granted Nil ESOPs (March 31, 2021 : Nil ESOPs) to certain key management personnel under ESOP 2018 scheme. Of the total granted ESOPs, 17,10,000 (March 31, 2021 : 3,60,000) options has been exercised during the year. Refer note 34.

^ Represents dividend paid ₹ 15,000 during the year ended March 31, 2022 and ₹ 30,000 during the year ended March 31, 2021 which are presented as Nil due to rounding off.

^^ Represents dividend paid ₹ 21,250 during the year ended March 31, 2022 and ₹ 17,500 during the year ended March 31, 2021 which are presented as Nil due to rounding off.

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

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Balances receivable from and payable to wholly owned subsidiaries</b>		
<b>Trade receivables</b>		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2021: ₹ 1,841 Lakhs)]	-	-
Subex Inc.	348	250
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 33 Lakhs (March 31, 2021: ₹ 33 Lakhs)]	272	65
Subex Assurance LLP	3,062	1,372
Subex Middle East (FZE)	906	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

	As at March 31, 2022	As at March 31, 2021
Subex UK Limited	1	1
Subex Digital LLP	750	80
	5,339	1,768
<b>Trade payables</b>		
Subex (UK) Limited	59	-
Subex Inc.	88	87
Subex Middle East (FZE)	242	-
Subex (Asia Pacific) Pte. Limited	49	3
Subex Digital LLP	-	4
Subex Assurance LLP	431	150
	869	244
<b>Loans receivable</b>		
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2021: ₹ 1,706 Lakhs)]	-	-
	-	-
<b>Other current financial assets</b>		
Share of profit in excess of drawings from Subex Assurance LLP	979	3,900
	979	3,900
<b>Other current financial liabilities</b>		
Share of loss from Subex Digital LLP	3,271	6,395
<b>Payable to related party</b>		
Subex Assurance LLP	-	2
	3,271	6,397
<b>Investment in Limited Liability Partnership</b>		
Subex Assurance LLP [net of impairment on investment ₹ 16,808 Lakhs (March 31, 2021: ₹ 16,808 Lakhs) and drawings from capital account of ₹ 4,800 Lakhs (March 31, 2021: Nil)]	39,956	44,756
Subex Digital LLP	1,869	1,869
	41,825	46,625
<b>Investment in equity shares</b>		
Subex Americas Inc [net of impairment on investment ₹ 76,560 Lakhs (March 31, 2021: ₹ 76,560 Lakhs)]	936	936
	936	936

Also, refer note 33(iii) for comfort letter given to subsidiaries.

### 32. Disclosure as per Regulation 34(3) and Regulation 53(1)(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, 2022		As at March 31, 2021	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Technologies Limited				
Loans and advances given	1,706	1,706	1,706	1,706
Less: Provision for loans and advances given	(1,706)	(1,706)	(1,706)	(1,706)
	-		-	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 33. Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Income tax demands [refer note (i)]	2,307	2,307
Service tax demands [refer note (ii)]	3,687	3,687

#### i. Income tax

The Company has received assessment orders in respect of each of the financial years 2010-11, 2013-14 and 2014-15, 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, including its tax experts/advisors, are 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 its position will likely be upheld on ultimate resolution and will not have material adverse effect on the Company's financial position and results of operations. With respect to the aforesaid demands ₹ 1,776 Lakhs has been paid/refund adjusted under protest.

#### 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.

iii. The Company has issued comfort letter to provide continued financial support to its subsidiaries viz., Subex Technologies Ltd., Subex Americas Inc. and Subex Digital LLP.

### 34. Employee stock options plans ('ESOPs')

During the year 2018-2019, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme – 2018" (referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (referred to as the "ESOP Trust"). The ESOP Trust is authorised to acquire shares of the Company through secondary market for administering ESOP for 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 recognised at cost and deducted from other equity. The ESOP trust held 1,25,33,720 and 1,98,71,500 treasury shares as at March 31, 2022 and March 31, 2021, respectively.

The Nomination & Remuneration Committee in their meeting held on January 31, 2022 granted 14,48,000 (March 31, 2021: 12,40,500) options under approved "Subex Employees Stock Option Scheme – 2018" to the eligible employees. The shares granted vest over a period of 1 to 3 years and can be exercised over a maximum period of 3 years from the date of vesting.

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

	2021-22		2020-21	
	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 – V	1,98,71,500	6.75	2,19,75,000	6.00
Exercised during the year				
ESOP – V	73,37,780	6.00	23,53,500	6.00
Granted during the year				
ESOP – V	14,48,000	20.00	12,40,500	18.00



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

	2021-22		2020-21	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Forfeited and expired during the year				
ESOP – V	25,24,092	6.95	9,90,500	6.00
Options outstanding at the end of the year				
ESOP – V	1,14,57,628	8.86	1,98,71,500	6.75
Options exercisable at the end of the year				
ESOP – V	94,89,628	6.66	1,19,24,750	6.00

#### 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 (₹)	
	2021-22	2020-21	2021-22	2020-21
ESOP – V	1.84	2.16	6.00-20.00	6.00-18.00
* considering vesting and exercise period				

The key assumptions used in Black-Scholes model for calculating fair value of ESOP V during the year is as below:

Particulars	March 31, 2022	March 31, 2021
Risk-free interest rate	6.68%	6.12%
Expected volatility of share	67.51%	72.08%
Expected life (years)	3	2
Dividend yield	1.59%	1.88%
Exercise Price (₹)	20.00	18.00
Weighted average fair value as on grant date (₹)	30.24	12.64

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.

### 35. 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 ₹ 146 Lakhs (March 31, 2021: ₹ 43 Lakhs) for Provident Fund contributions including administration charges..

#### 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 35. Employee benefit plans (contd.)

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

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>A. Change in defined benefit obligation</b>		
Obligations at beginning of the year	178	25
Liability transfer (refer note 42)	31	151
Service cost	23	10
Interest cost	10	1
Benefits settled	(30)	(10)
Actuarial (gain)/ loss (through OCI)	4	1
Obligations at end of the year	216	178
<b>B. Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	36	19
Expected return on plan assets	2	1
Actuarial gain (through OCI)	1	1
Contributions	73	25
Benefits settled	(30)	(10)
Plan assets at the end of the year	82	36
Present value of defined benefit obligation at the end of the year	(216)	(178)
Fair value of plan assets at the end of the year	82	36
<b>C. Net liability recognised in the standalone balance sheet</b>	<b>(134)</b>	<b>(142)</b>

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>D. Expenses recognised in the standalone statement of profit and loss:</b>		
Service cost	23	10
Interest cost (net)	8	-
<b>Net gratuity cost</b>	<b>31</b>	<b>10</b>
<b>E. Re-measurement (losses)/ gains in OCI</b>		
Actuarial (loss)/ gain due to financial assumption changes	(3)	2
Actuarial (loss)/ gain due to experience adjustments	(1)	(3)
Actuarial (loss)/ gain - return on plan assets greater than discount rate	1	1
<b>Total expenses recognised through OCI</b>	<b>(3)</b>	<b>-</b>
<b>F. Assumptions</b>		
Discount rate	6.19%	5.79%
Expected return on plan assets	5.79%	6.41%
Salary escalation*	6.00%	6.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 35. Employee benefit plans (contd.)

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2012-14) [March 31, 2021: Indian Assured Lives Mortality (2012-14)].

\*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, 2022	As at March 31, 2021
G. Five years pay-outs		
Year 1	34	26
Year 2	32	26
Year 3	30	24
Year 4	27	22
Year 5	24	20
After 5 <sup>th</sup> Year	141	119
H. Contribution likely to be made for the next one year	34	26
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, 2022	As at March 31, 2021
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect of change in discount rate				
Impact on defined benefit obligation increase/ (decrease)	(4.30)	4.49	(3.74)	3.91
Effect of change in salary				
Impact on defined benefit obligation increase/ (decrease)	7.57	(7.14)	7.02	(6.63)
Effect of change in withdrawal assumption				
Impact on defined benefit obligation increase/ (decrease)	(1.84)	1.34	(3.29)	3.33

K. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 5 years (March 31, 2021: 5 years).

#### 36. Capital management

The Company's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. Surplus fund has been invested into risk free highly liquid financial instruments.

The capital structure as of March 31, 2022 and March 31, 2021 was as follow:

		As at March 31, 2022	As at March 31, 2021
Total equity (₹ in Lakhs)			
As percentage of total capital	(A)	48,926	50,166
		99.92%	99.91%
Lease liabilities (₹ in Lakhs)	(B)	38	46
As percentage of total capital		0.08%	0.09%
Total capital (₹ in Lakhs)	(A+B)	48,964	50,212

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 37. Fair value hierarchy

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

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Financial assets measured at amortized cost</b>		
Share of profit in excess of drawings from Subex Assurance LLP*	979	3,900
Interest accrued but not due on bank deposits*	2	-
Trade receivables*	5,824	2,184
Unbilled revenue*	31	-
Security deposits <sup>^</sup>	20	14
Loans and advances to employees*	30	26
Margin money deposits with remaining maturity more than 12 months	6	-
	6,892	6,124
<b>Cash and cash equivalents and other balances with banks</b>		
Balance with banks	827	397
Margin money deposits with original maturity more than 3 months but less than 12 months	22	-
Earmarked balances with banks being unpaid dividend accounts <sup>#</sup>	28	-
	877	397
<b>Financial liabilities measured at amortized cost</b>		
Employee related liabilities*	464	512
Trade payables*	1,165	358
Capital creditors*	4	-
Payable to related party*	-	2
Share of Loss from Subex Digital LLP*	3,271	6,395
Unclaimed dividend <sup>#</sup>	28	-
Lease Liabilities <sup>^</sup>	38	46
	4,970	7,313

\* 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.

<sup>^</sup> 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.

<sup>#</sup> Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

#### 38. 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 38. Financial risk management (contd.)

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, 2022	As at March 31, 2021
Trade receivables	5,824	2,184
Unbilled revenue	31	-
<b>Total</b>	<b>5,855</b>	<b>2,184</b>

The movement in credit loss allowance on customer balance is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	2,239	2,262
Less: (Reversal) during the year	-	(15)
Less: Bad-debts written-off	(9)	-
Add/(less): Translation difference	9	(8)
<b>Closing balance</b>	<b>2,239</b>	<b>2,239</b>

##### 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 does not have any debt outstanding as at March 31, 2022 and as at March 31, 2021. Also, the Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

##### iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	802	397
	802	397

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 38. Financial risk management (contd.)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
As at March 31, 2022					
Trade payables	-	1,165	-	-	1,165
Lease Liability*	-	6	6	33	45
Other financial liabilities	3,271	491	5	-	3,767
	3,271	1,662	11	33	4,977
As at March 31, 2021					
Trade payables	-	355	3	-	358
Lease Liability*	-	6	6	45	57
Other financial liabilities	6,395	514	-	-	6,909
	6,395	875	9	45	7,324

\*Includes future cash outflow toward estimated interest on lease liabilities.

#### 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, 2022

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	4,151	272	908	5,331
Cash and cash equivalents and other bank balances	39	-	-	39
Total financial assets	4,190	272	908	5,370
Financial liabilities				
Trade payables	497	49	271	817
Other financial liabilities	16	-	-	16
Total financial liabilities	513	49	271	833
Net financial assets/ (liabilities)	3,677	223	637	4,537

March 31, 2021

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	463	65	-	528
Total financial assets	463	65	-	528
Financial liabilities				
Trade payables	87	3	-	90
Total financial liabilities	87	3	-	90
Net financial assets/ (liabilities)	376	62	-	438

#### Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the profit before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.66% (March 31, 2021: 0.15%).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

39. 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, 2022, considering losses incurred in past years, the Company does not have the obligation to incur expenses in relation to CSR.

#### 40 Analytical Ratios

Ratios	Measured in	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance	Reasons of Variance
Current ratio	Times	Current Assets	Current Liabilities	1.47	0.86	70.06%	Increase is due to reimbursement of share of loss to Limited Liability Partnership in the current year
Debt- Equity Ratio*	Times	Total Debt = Lease liabilities	Total equity	0.00	0.00	(15.3%)	
Debt Service Coverage ratio	Times	Earnings for debt service = Net (loss)/ profit for the year + Finance cost + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	(13.60)	43.52	(131.25%)	Reduction is majorly due to loss incurred in the current year as compared to profits earned in the previous year
Inventory turnover ratio	This ratio is not applicable considering the nature of business of the Company						
Return on Equity ratio	Percentage	Net (loss)/ profit for the year	Average total equity	(0.90%)	5.29%	(117.05%)	Reduction is majorly due to loss incurred in the current year as compared to profits earned in the previous year
Trade Receivable Turnover Ratio	Times	Revenue from operations	Average trade receivable	1.71	1.88	(9.28%)	
Trade Payable Turnover Ratio	Times	Other expenses	Average trade payables	2.03	3.29	(38.25%)	Reduction is majorly due to increase in other expenses and related trade payable for the current year.
Net Capital Turnover Ratio	Times	Revenue from operations	Average working capital = Total current assets - Total current liabilities	2.74	(2.83)	196.97%	Improvement in the ratio is due to increase in revenue from operations and improvement in current ratio
Net Profit Ratio	Percentage	Net (loss)/ profit for the year	Revenue from operations	(6.54%)	89.92%	(107.27%)	Reduction is majorly due to loss incurred in the current year as compared to profits earned in the previous year
Return on Capital Employed	Percentage	(Loss)/ earnings before interest and taxes	Capital Employed = Tangible net worth + Lease liability	(0.91%)	5.84%	(115.63%)	Reduction is majorly due to loss incurred in the current year as compared to profits earned in the previous year
Return on investment	Ratio relating to return on investment is not presented due to no treasury investments as at March 31, 2022 and March 31, 2021.						

\* Represents 0.00078 times for year ended March 31, 2022 and 0.00092 times for year ended March 31, 2021.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

41. 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, 2022 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.
42. Effective January 1, 2021, the Company had carried out strategic re-organization and decided to centralize certain key Sales and Business support functions, to drive better efficiency of scale and overall operations. Accordingly, all such employees in sales and business support functions from other group entities in India had been transferred to the Company. During the year ended March 31, 2022 and previous year ended March 31, 2021, the common costs pertaining to sales and business support function amounting to ₹ 4,618 Lakhs and ₹ 1,406 Lakhs respectively had been recovered by the Company with an agreed mark-up from other group entities and is reflected under revenue from operations.
43. The Board of Directors of the Company in its meeting held on October 28, 2021 has approved the restructuring of the business, subject to all requisite approvals, wherein the business carried out by Subex Assurance LLP will be transferred to Subex Limited on a 'going concern' basis excluding Developed Technology and Investment in subsidiaries. The aforesaid restructuring is being carried out to achieve higher operational efficiencies upon integration and consolidation of business in the listed entity. On February 23, 2022, the shareholder of the Company approved the aforesaid restructuring through postal ballot. The aforesaid restructuring is likely to be completed over next few months.
44. On December 6, 2021, the Company experienced a cybersecurity incident related to ransomware. The Company could contain the incident in a timely basis and has also ensured that all traces of the infection are completely cleared from the network. All affected systems were restored and brought back to normalcy in the order of priority. The management has assessed the impact of the incident on the control environment and the financial statement process and conclude there was no material impact on the financial results. Since then, the Company has also been focused on implementing significant improvements to its cyber and data security systems to safeguard from such risks in the future.
45. Other Regulatory Information
- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
  - (ii) The Company do not have any transactions with companies struck off.
  - (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
  - (iv) The Company does not have any sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.
  - (v) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
  - (vi) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
    - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
    - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - (vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
    - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (viii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2022

- (ix) The Company has complied with the provisions of clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (x) The Company has complied with the provisions of section 123 of the Companies Act, 2013 in relation to dividend declared or paid during the year.

**46.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

## 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	9
Name of the Subsidiary	Subex (Aisa Pacific) PTE Ltd	Subex (UK) Ltd.	Subex Americas Inc	Subex Inc.	Subex Technologies Ltd.***	Subex Middle East (FZE)	Subex Bangladesh Pvt Ltd.	Subex Assurance LLP	Subex Digital LLP
Reporting Period of the Subsidiary Concerned	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
Reporting Currency	SGD	GBP	USD	USD	INR	AED	BDT	INR	INR
Exchange Rate as on the last date of relevant financial year in the case of foreign subsidiaries	55.97	99.46	75.79	75.79	1	20.64	0.87	1	1
Share Capital/ Partners Capital	3,986	41	49,806	-	500	27	-	40,934	(1,402)
Reserve & Surplus	(3,333)	8,086	(50,184)	(761)	(489)	(487)	(49)	-	-
Total Assets	2,195	12,827	949	3,727	75	4,654	995	52,364	1,582
Total Liabilities	1,542	4,700	1,327	4,487	64	5,115	1,044	11,430	2,984
Investments	-	-	-	-	-	-	-	20,691	-
Turnover*	3,871	18,699	1,083	9,094	-	2,889	903	28,933	1,839
Profit/ (loss) before Taxation	128	512	28	933	(4)	(492)	38	2,073	(2,626)
Profit/ (loss) after Taxation	143	(84)	(33)	914	(4)	(518)	1	1,353	(2,626)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of Shareholding**	100%	100%	100%	100%	100%	100%	100%	100%	100%
Date of Acquisition/ Incorporation	June 23, 2006	June 23, 2006	April 1, 2007	June 23, 2006	March 28, 2005	March 25, 2015	February 13, 2020	April 05, 2017	April 05, 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  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Anil Singhvi  
Chairman & Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

Date: May 30, 2022

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# CONSOLIDATED FINANCIAL STATEMENTS

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# 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, 2022, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income/ (Loss), 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, 2022, their consolidated profit including other comprehensive income/ (loss), 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, 2022. 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
<p><b>Revenue recognition (as described in note 23 of the consolidated Ind AS financial statements)</b></p> <p>The Group derives its revenue primarily from sale, implementation and customization of its proprietary license and related managed/support services.</p> <p>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"), which 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.</p>	<p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>(i) We evaluated the design of internal controls and tested the operating effectiveness of the internal control over revenue recognition;</p> <p>(ii) We performed following procedures on a sample of revenue contracts, selected on a test check basis:</p> <ul style="list-style-type: none"> <li>Read and identified the distinct performance obligations in these contracts and compared these performance obligations with those identified and recorded;</li> <li>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;</li> <li>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;</li> </ul>

	<ul style="list-style-type: none"> <li>(iii) Tested evidence of license delivery and customer acceptance and performed cut-off procedures;</li> <li>(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; and</li> <li>(v) We assessed the disclosures in the consolidated Ind AS financial statements.</li> </ul>
Impairment assessment of Goodwill (as described in note 5 of the consolidated Ind AS financial statements)	
<p>As at March 31, 2022, the Group's net goodwill balance amounts to ₹ 34,409 lakhs pertaining to two cash generating units ('CGUs') ie: Revenue Management Solutions ('RMS') and Data Integrity Management ('DIM').</p> <p>To assess if there is an impairment of the carrying value of 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.</p> <p>The recoverable amount of the CGU is estimated by calculating the value in use of the CGU to which goodwill is allocated by discounting future cash flows based on future business plans which are reviewed and approved by the Board of Directors of the Holding Company.</p> <p>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.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) We obtained the valuation assessment from the management and assessed the key assumptions used;</li> <li>(iii) We assessed the recoverable value headroom by performing sensitivity testing of key assumptions used;</li> <li>(iv) We tested the arithmetical accuracy of the impairment models used;</li> <li>(v) We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable; and</li> <li>(vi) We assessed the disclosures made in the consolidated Ind AS financial statements.</li> </ul>
Evaluation of key tax matters (as described in note 33 of the consolidated Ind AS financial statements)	
<p>The Group operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing and indirect tax matters. These involve significant judgment by the Group to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements, which have been a matter of significance during the audit and hence considered as a key audit matter.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) We obtained confirmation from management's expert on ongoing litigations along with risk assessment and assessed the independence, objectivity and competence of the management expert;</li> <li>(iii) We obtained details of tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management;</li> <li>(iv) We evaluated and challenged assumptions made by the Group in estimating the current and deferred tax balances;</li> <li>(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; and</li> <li>(vi) We assessed the adequacy disclosures in the consolidated Ind AS financial statements.</li> </ul>

### 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, Business Responsibility Report and Report on Corporate Governance (hereinafter together referred to as "reports"), but does not include the consolidated Ind AS 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 will 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 identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS 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 and Those Charged with Governance 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/(loss), 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 Ind AS 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 Charged with Governance 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 with reference to financial statements 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 Ind AS financial statements of which we are the independent auditors.

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, 2022 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit of separate financial statements and the other financial information of the subsidiary company, incorporated in India, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxii) of the Order.
2. 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/ (loss), 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 incorporated in India as on March 31, 2022, taken on record by the Board of Directors of the Holding Company and its Subsidiary Company incorporated in India, none of the directors of the Holding Company and its Subsidiary Company incorporated in India, is disqualified as on March 31, 2022 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 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 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022, 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 its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 33 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2022; 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, 2022.
  - iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any

other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in

any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The dividend declared and paid during the year by the Holding company is in compliance with section 123 of the Act.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 22213803AJXLRZ6942

Place of Signature: Bengaluru

Date: May 30, 2022



## Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the Consolidated Ind AS Financial Statements of Subex Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) There are no qualifications or adverse remarks by us in the Companies (Auditors Report) Order (CARO) report of the company included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 22213803AJXLRZ6942

Place of Signature: Bengaluru

Date: May 30, 2022

## Annexure '2' 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 (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its Subsidiary Company (the Holding Company and its Subsidiary Company together referred to as "the Group"), 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 ('ICAI'). 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 Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls 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 specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 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 with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference

to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls 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 internal financial controls with reference to these consolidated Ind AS financial statements.

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

A Company's internal financial control 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 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 With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls 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 with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 22213803AJXLRZ6942

Place of Signature: Bengaluru

Date: May 30, 2022

# CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(₹ in Lakhs)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	959	1,177
Right-of-use assets	29	1,386	1,962
Goodwill on consolidation	5	34,409	34,409
Other intangible assets	4	14	-
<b>Financial assets</b>			
Other financial assets	11	447	302
Income tax assets (net)	12	4,947	3,479
Deferred tax assets (Including MAT credit entitlement)	13	148	125
Other non-current assets	14	42	-
		42,352	41,454
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	6	161	220
Investments	7	1,165	-
Trade receivables	8	9,681	9,956
Cash and cash equivalents	9	8,539	14,294
Other balances with banks	10	2,328	207
Other financial assets	11	7,003	5,896
Other current assets	14	779	639
		29,656	31,212
<b>Total assets</b>		<b>72,008</b>	<b>72,666</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	28,100	28,100
Other equity	16	28,267	26,755
<b>Total equity</b>		<b>56,367</b>	<b>54,855</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	29	998	1,575
Provisions	20	304	275
Deferred tax liabilities (net)	21	6,742	6,289
		8,044	8,139

## CONSOLIDATED BALANCE SHEET (contd.)

as at March 31, 2022

(₹ in Lakhs)

	Notes	As at March 31, 2022	As at March 31, 2021
Current liabilities			
Financial liabilities			
Borrowings	42	-	584
Lease liabilities	29	470	420
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	17	276	66
- total outstanding dues of creditors other than micro enterprises and small enterprises	17	1,396	1,245
Other financial liabilities	18	1,491	3,045
Other current liabilities	19	2,506	2,935
Provisions	20	830	791
Income tax liabilities (net)	22	628	586
		7,597	9,672
<b>Total liabilities</b>		<b>15,641</b>	<b>17,811</b>
<b>Total equity and liabilities</b>		<b>72,008</b>	<b>72,666</b>
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. Battiboi & Associates LLP  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

per Rajeev Kumar  
Partner  
Membership No.: 213803

Place: Bengaluru, India  
Date: May 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(₹ in Lakhs)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>1</b>	<b>Income</b>		
	Revenue from operations	23	33,344
	Other income	24	1,037
	<b>Total income</b>		<b>34,381</b>
<b>2</b>	<b>Expenses</b>		
	Employee benefits expense	25	21,449
	Finance costs	26	194
	Depreciation and amortization expense	27	988
	Other expenses	28	8,381
	<b>Total expenses</b>		<b>31,012</b>
<b>3</b>	<b>Profit before exceptional items and tax expense (1-2)</b>		<b>3,369</b>
<b>4</b>	<b>Exceptional items</b>		
	Gain on termination of lease agreement	29	-
	Provision for service tax receivable	14	-
	<b>Total exceptional items</b>		<b>-</b>
<b>5</b>	<b>Net profit before tax expense (3+4)</b>		<b>3,369</b>
<b>6</b>	<b>Tax expense (net):</b>		
	Current tax charge	22	251
	Provision - foreign withholding taxes (net)	22	593
	Deferred tax charge (net)	22	426
			<b>1,270</b>
<b>7</b>	<b>Profit for the year (5-6)</b>		<b>2,099</b>
<b>8</b>	<b>Other comprehensive income/ (loss) ('OCI'), net of tax expense</b>		
	Items that will be reclassified subsequently to profit or loss:		
	Net exchange gain on translation of foreign operations		267
	Items that will not be reclassified subsequently to profit or loss:		
	Re-measurement loss on defined benefit plans	35	(64)
	<b>Total other comprehensive income</b>		<b>203</b>
<b>9</b>	<b>Total comprehensive income for the year attributable to equity holders of the Company (7+8)</b>		<b>2,302</b>
<b>10</b>	<b>Earnings per equity share [nominal value of ₹ 5/- each (March 31, 2021 : ₹ 5)]</b>	<b>30</b>	
	Basic (₹)		0.38
	Diluted (₹)		0.38
	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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended March 31, 2022

### A. Equity share capital (refer note 15):

	No.	₹ in Lakhs
Equity shares of ₹ 5 each w.e.f. September 29, 2020 and ₹ 10 each upto September 28, 2020, issued, subscribed and fully paid-up		
As at April 1, 2020	56,20,02,935	56,200
Issued during the year	-	-
Adjustment pursuant to Capital reduction order (refer note 15)	-	(28,100)
As at March 31, 2021	56,20,02,935	28,100
Issued during the year	-	-
As at March 31, 2022	56,20,02,935	28,100

### B. Other equity (refer note 16):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						Total
	Reserves and surplus					OCI	
	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, 2020	26,712	1,780	114	(19,828)	(1,233)	(12,206)	(4,661)
Add: Profit for the year	-	-	-	5,172	-	-	5,172
Add/(less): Other comprehensive (loss)/ income	-	-	-	(12)	-	636	624
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	(22)	-	(22)
Add: Share based expenses (refer note 34)	-	-	147	-	-	-	147
Add/(less): On account of exercise of stock options	33	-	(26)	-	134	-	141
Add/(less): On account of vested options lapsed during the year	-	3	(3)	-	-	-	-
Add/(less): Adjustment pursuant to Capital reduction order (refer note 15)	(10,301)	-	-	38,401	-	-	28,100
Less: Dividends [refer note 16(a)]	-	-	-	(2,746)	-	-	(2,746)
As at March 31, 2021	16,444	1,783	232	20,987	(1,121)	(11,570)	26,755
Add: Profit for the year	-	-	-	2,099	-	-	2,099
Add/(less): Other comprehensive (loss)/ income	-	-	-	(64)	-	267	203
Add: Share based expenses (refer note 34)	-	-	137	-	-	-	137
Add/(less): On account of exercise of stock options	114	-	(98)	-	424	-	440
Add/(less): On account of vested options lapsed during the year	-	4	(4)	-	-	-	-
Less: Dividends [refer note 16(a)]	-	-	-	(1,367)	-	-	(1,367)
As at March 31, 2022	16,558	1,787	267	21,655	(697)	(11,303)	28,267

Corporate information and significant accounting policies (refer notes 1 &amp; 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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(₹ in Lakhs)

		Year ended March 31, 2022	Year ended March 31, 2021
(A)	<b>Operating activities</b>		
	Profit before tax expense	3,369	8,937
	Adjustments to reconcile profit before tax expense to net cash flows:		
	Depreciation of property, plant and equipment and right-of-use assets	987	1,375
	Amortization of intangible assets	1	3
	Gain on disposal of property, plant and equipment (net)	-	(4)
	Interest income (including fair value changes)	(266)	(374)
	Fair value gain on mutual fund at fair value through profit or loss	(7)	-
	Net gain on sale of investments	(15)	-
	Finance costs (including fair value changes)	194	296
	Allowance for expected credit losses	536	(153)
	Expense on share based payment	137	147
	Gain on termination/ modification of lease agreement	(12)	(554)
	Provision for service tax receivable	-	267
	Waiver of borrowings (PPP Loan and interest)	(584)	-
	Net foreign exchange differences	(165)	721
	<b>Operating profit before working capital changes</b>	<b>4,175</b>	<b>10,661</b>
	<b>Working capital adjustments:</b>		
	(Increase)/ decrease in loans	76	299
	(Increase)/ decrease in trade receivables	(27)	(63)
	(Increase)/ decrease in other financial assets	(1,006)	(1,010)
	(Increase)/ decrease in other assets	(185)	(43)
	Increase/ (decrease) in trade payables	329	(437)
	Increase/ (decrease) in other financial liabilities	(1,375)	573
	Increase/ (decrease) in other current liabilities	(551)	514
	Increase/ (decrease) in provisions	(34)	5
		<b>1,402</b>	<b>10,499</b>
	Income tax paid (including TDS, net of refund)	(2,278)	(1,404)
	<b>Net cash flows (used in)/ from operating activities</b>	<b>(876)</b>	<b>9,095</b>
(B)	<b>Investing activities</b>		
	Purchase of property, plant and equipment	(540)	(862)
	Proceeds from sale of property, plant and equipment	-	7
	Purchase of Investments	(9,672)	-
	Sales of investments	8,529	-
	Movement in other balances with bank	(2,111)	(154)
	Purchase of treasury shares by ESOP trust	-	(22)
	Interest received	260	309
	<b>Net cash flows used in investing activities</b>	<b>(3,534)</b>	<b>(722)</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

for the year ended March 31, 2022

(₹ in Lakhs)

		Year ended March 31, 2022	Year ended March 31, 2021
(C)	Financing activities		
	Proceeds from exercise of ESOP	440	141
	Proceeds from borrowings (refer note 42)	-	600
	Interest paid	(178)	(271)
	Repayment of Lease liability	(389)	(931)
	Payment of dividends [refer note 16(a)]	(1,339)	(2,746)
	Net cash flows used in financing activities	(1,466)	(3,207)
(D)	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(5,876)	5,166
	Net foreign exchange difference on cash and cash equivalents	121	85
	Cash and cash equivalents at the beginning of the year	14,294	9,043
(E)	Cash and cash equivalents at year end (refer note 9)	8,539	14,294

Refer to note 29 for supplementary information on statement of cash flows.

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 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 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, Bangladesh 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 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.

Further, the Board of Directors of the Company in its meeting held on October 28, 2021 has approved the restructuring of the business, subject to all requisite approvals, wherein the business carried out by Subex Assurance LLP will be transferred to Subex Limited on a 'going concern' basis excluding Developed Technology and Investment in subsidiaries. The aforesaid restructuring is being carried out to achieve higher operational efficiencies upon integration and consolidation of business in the listed entity. On February 23, 2022, the shareholder of the Company approved the aforesaid restructuring through postal ballot.

These consolidated financial statements for the year ended March 31, 2022 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, 2022 are approved by the Board of Directors on May 30, 2022.

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, 2022	March 31, 2021
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 Bangladesh Private Limited	Bangladesh	100	100

\* Represents non-operating companies.

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

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 34].

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 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 ('the Act') 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 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, 2022.

#### Consolidation procedure:

- 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.
- 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.
- 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).
- 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 2(p).

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

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 35).

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 34.

### Taxes

The Group's three major tax jurisdictions are India, the United Kingdom and Bangladesh 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 for uncertain tax positions.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

and the level of future taxable profits together with future tax planning strategies. Also refer note 2(s) and note 13, note 21 & note 22.

#### Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts [Refer to note 2(k)].

#### 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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.

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 Services 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.

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.

#### **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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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 equipment	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years
Office equipment	5 years
Computer software	4 years

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

#### j. Impairment

##### Impairment of 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, intangible assets and right-of-use asset 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 Group assesses at contract inception whether a contract is/ contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer note 2(j) on impairment of non-financial assets.

#### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leased assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leased assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### l. Financial instruments

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

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

##### Cash and cash equivalents

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

##### Financial assets at amortized cost

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

##### Financial assets at fair value through other comprehensive income

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

##### Financial assets at fair value through profit or loss

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

##### Financial liabilities

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

##### Derecognition of financial assets and liabilities

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

##### 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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

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

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

### Derivative financial instruments and hedge accounting

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the

fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

in employee stock options reserves in other equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

#### p. 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 and 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

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.

#### 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

##### 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. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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.

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### u. Cash dividend to the equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

#### v. 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.

#### w. 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'.

#### x. New Accounting standards, amendments and interpretations not yet adopted by the Company:

##### Companies (Indian Accounting Standards) Amendment Rules, 2022

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable for annual periods beginning on or after April 1, 2022, as below:

##### Amendments to Ind AS 103 – Business Combinations – Reference to Conceptual Framework

The amendments specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The adoption of amendments to Ind AS 103 is not expected to have any material impact on the consolidated financial statements.

##### Amendments to Ind AS 109 – Financial Instruments

The amendments clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The adoption of amendments to Ind AS 109 is not expected to have any material impact on the consolidated financial statements.

##### Amendments to Ind AS 16 – Property, Plant and Equipment – Proceeds before intended use

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The adoption of amendments to Ind AS 16 is not expected to have any material impact on the consolidated financial statements.

##### Amendments to Ind AS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (for example, direct labour and materials); or an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others). The adoption of amendments to Ind AS 37 is not expected to have any material impact on the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Office equipment	Total
<b>Cost</b>						
As at April 1, 2020	2,238	45	2	-	155	2,440
Additions	747	-	-	293	44	1,084
Disposals	(144)	(7)	-	-	(26)	(177)
Exchange differences	11	-	-	-	-	11
<b>As at March 31, 2021</b>	<b>2,852</b>	<b>38</b>	<b>2</b>	<b>293</b>	<b>173</b>	<b>3,358</b>
Additions	283	7	-	-	14	304
Disposals	(189)	(3)	-	-	(8)	(200)
Exchange differences	10	-	-	-	-	10
<b>As at March 31, 2022</b>	<b>2,956</b>	<b>42</b>	<b>2</b>	<b>293</b>	<b>179</b>	<b>3,472</b>
<b>Depreciation</b>						
As at April 1, 2020	1,856	37	2	-	111	2,006
Charge for the year	313	5	-	10	19	347
Disposals	(143)	(6)	-	-	(25)	(174)
Exchange differences	2	-	-	-	-	2
<b>As at March 31, 2021</b>	<b>2,028</b>	<b>36</b>	<b>2</b>	<b>10</b>	<b>105</b>	<b>2,181</b>
Charge for the year	448	2	-	59	21	530
Disposals	(189)	(3)	-	-	(8)	(200)
Exchange differences	2	-	-	-	-	2
<b>As at March 31, 2022</b>	<b>2,289</b>	<b>35</b>	<b>2</b>	<b>69</b>	<b>118</b>	<b>2,513</b>
<b>Net block</b>						
As at March 31, 2021	824	2	-	283	68	1,177
As at March 31, 2022	667	7	-	224	61	959

#### 4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
<b>Cost</b>		
As at April 1, 2020	232	232
Additions	-	-
Disposals	(130)	(130)
Exchange differences	-	-
<b>As at March 31, 2021</b>	<b>102</b>	<b>102</b>
Additions	15	15
Disposals	(10)	(10)
Exchange differences	-	-
<b>As at March 31, 2022</b>	<b>107</b>	<b>107</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 4. Intangible assets (contd.)

(₹ in Lakhs)

	Computer software	Total
Amortization		-
As at April 1, 2020	229	229
Amortization for the year	3	3
Disposals	(130)	(130)
Exchange differences	-	-
As at March 31, 2021	102	102
Amortization for the year	1	1
Disposals	(10)	(10)
Exchange differences	-	-
As at March 31, 2022	93	93
Net block		-
As at March 31, 2021	-	-
As at March 31, 2022	14	14

#### 5. Goodwill on consolidation

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Carrying value of goodwill	34,409	34,409

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Revenue Management Solutions ('RMS')	33,444	33,444
Data Integrity Management ('DIM')	965	965
	34,409	34,409

#### Goodwill impairment testing

During the year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which has resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management had carried out the annual impairment exercise as at December 31, 2019 in respect of carrying value of goodwill. Based on the above assessment and valuation carried out by an external valuation expert, there has been impairment of goodwill amounting to ₹ 28,712 Lakhs in relation to RMS CGU and ₹ 2,761 Lakhs in relation to DIM CGU towards carrying value of goodwill as on March 31, 2020. As at March 31, 2022, the management has reassessed its projections and assumptions and has concluded that, the carrying value of its goodwill is appropriate.

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board of Directors. An average of the range of each assumption used is mentioned below:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 5. Goodwill on consolidation (contd.)

	As at March 31, 2022	As at March 31, 2021
Growth rate	3% to 8%	3% to 8%
Operating margins	9% to 18%	9% to 18%
Discount rate	13% to 16%	13% to 16%

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

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Unsecured, considered good		
Security deposit	-	1
Loans to employees	161	219
<b>Total</b>	<b>161</b>	<b>220</b>

#### 7. Investments

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Investment carried at fair value through profit or loss</b>		
Liquid mutual funds units (quoted)	1,165	-
	1,165	-
Aggregate cost of quoted investments	1,150	-
Aggregate market value of quoted investments	1,165	-

#### 8. Trade receivables

Unsecured, carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	9,681	9,956
Unsecured, which have significant increase in credit risk	-	-
Unsecured, credit impaired	1,834	2,088
<b>Total (a)</b>	<b>11,515</b>	<b>12,044</b>
<b>Impairment allowance (allowance for expected credit loss)</b>		
Trade receivable, credit impaired	(1,834)	(2,088)
<b>Total (b)</b>	<b>(1,834)</b>	<b>(2,088)</b>
<b>Net Trade Receivables (a-b)</b>	<b>9,681</b>	<b>9,956</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 8. Trade receivables (contd.)

Trade receivables ageing schedule:

As at March 31, 2022

(₹ in Lakhs)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	3,902	3,221	1,482	-	-	-	8,605
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	54	567	27	388	1,036
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	17	78	703	798
<b>Total</b>	<b>3,902</b>	<b>3,221</b>	<b>1,536</b>	<b>584</b>	<b>105</b>	<b>1,091</b>	<b>10,439</b>
Add: Unbilled Trade Receivable							1,076
Less: Impairment allowance (allowance for expected credit loss)							(1,834)
<b>Net Trade Receivables</b>							<b>9,681</b>

As at March 31, 2021

(₹ in Lakhs)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	5313	3080	822	-	-	-	9,215
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	195	214	103	542	1,054
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	4	175	124	731	1,034
<b>Total</b>	<b>5,313</b>	<b>3,080</b>	<b>1,021</b>	<b>389</b>	<b>227</b>	<b>1,273</b>	<b>11,303</b>
Add: Unbilled Trade Receivable							741
Less: Impairment allowance (allowance for expected credit loss)							(2,088)
<b>Net Trade Receivables</b>							<b>9,956</b>

During the year ended March 31, 2022, ₹ 3,854 Lakhs of unbilled revenue as of April 1, 2021 has been converted to trade receivables on billing. (During the previous year ended March 31, 2021, ₹ 3,195 Lakhs of unbilled revenue as of April 1, 2020 converted to trade receivables). Also, refer note 11.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Balance with banks		
In current accounts	5,394	4,113
In EEFC accounts	165	1,595
Deposits with original maturity less than 3 months	2,980	8,586
<b>A</b>	<b>8,539</b>	<b>14,294</b>
Bank balances other than cash and cash equivalents		
Earmarked balances with banks being unpaid dividend accounts	28	-
Deposits with original maturity more than 3 months but less than 12 months	2,124	-
Margin money deposits with original maturity more than 3 months but less than 12 months	176	207
	2,328	207
Less: Disclosed under Other balances with banks (Current) (refer note 10)	(2,328)	(207)
<b>B</b>	<b>-</b>	<b>-</b>
<b>(A+B)</b>	<b>8,539</b>	<b>14,294</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

#### 10. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Other bank balances (refer note 9)		
Earmarked balances with banks being unpaid dividend accounts* <sup>^</sup>	28	-
Deposits with original maturity more than 3 months but less than 12 months	2,124	-
Margin money deposits with original maturity more than 3 months but less than 12 months	176	207
	2,328	207

<sup>^</sup> Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

\*These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 11. Other financial assets

Unsecured, considered good

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Security deposits	317	300
Margin money deposits with remaining maturity more than 12 months	130	2
	447	302
<b>Current</b>		
<b>Carried at amortized cost</b>		
Unbilled revenue*	6,780	5,638
Interest accrued but not due on bank deposits	34	40
Margin money deposits with remaining maturity less than 12 months	181	209
<b>Carried at fair value through profit or loss</b>		
Foreign currency forward contract	8	9
	7,003	5,896

\*Also, refer note 8

#### 12. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Advance income-tax [net of provision for taxation ₹ 2,109 Lakhs (March 31, 2021: ₹ 1,994 Lakhs)]	4,947	3,479
	4,947	3,479

#### 13. Deferred tax assets (net) \*

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Minimum alternative tax ("MAT") credit entitlement	566	425
Less: Provision for MAT credit**	(425)	(425)
A	141	-
<b>Deferred tax assets (net)</b>		
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense	7	7
Provision for employee benefits and others	-	118
B	7	125
(A+B)	148	125

\* Also refer note 21 and note 22.

\*\*Represents MAT credit entitlement of ₹ 425 Lakhs which have been provided for considering the uncertainty as regards to its utilisation.

In respect of certain group entities, deferred tax asset has not been recognized in the absence of reasonable certainty that future taxable profit will be available for utilisation against carry forward losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 14. Other assets

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Prepaid expenses	42	-
Balance with statutory/ government authorities*	267	267
Less: Provision for service tax receivable	(267)	(267)
	42	-
<b>Current</b>		
Balance with statutory/ government authorities	68	21
Advance recoverable in cash or kind		
Prepaid expenses	593	422
Advance to suppliers	87	194
Expenses incurred on behalf of customers	31	2
	779	639

\*Balances 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 was under dispute. During the previous year ended March 31, 2021, the Company has made provision of ₹ 267 Lakhs considering the uncertainty as regards to its realisation.

#### 15. Share capital

	No.	₹ in Lakhs
<b>Authorised share capital</b>		
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020*		
As at April 1, 2020	58,80,40,000	58,804
Increase during the year	-	-
Increase pursuant to Capital reduction order*	58,80,40,000	-
As at March 31, 2021	1,17,60,80,000	58,804
Increase during the year	-	-
As at March 31, 2022	1,17,60,80,000	58,804
<b>Preference shares of ₹ 98 each</b>		
As at April 1, 2020	2,00,000	196
Increase during the year	-	-
As at March 31, 2021	2,00,000	196
Increase during the year	-	-
As at March 31, 2022	2,00,000	196
<b>Issued, subscribed and fully paid-up share capital</b>		
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020*^		
As at April 1, 2020	56,20,02,935	56,200
Issued during the year	-	-
Adjustment pursuant to Capital reduction order*	-	(28,100)
As at March 31, 2021	56,20,02,935	28,100
Issued during the year	-	-
As at March 31, 2022	56,20,02,935	28,100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 15. Share capital (contd.)

\* The Board of Directors in its meeting held on February 07, 2020, approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said Scheme vide its order dated September 23, 2020. Consequently, the Company filed a certified copy of the Order with Registrar of Companies ('ROC') on September 29, 2020 and utilized an amount of ₹ 28,100 Lakhs from paid-up share capital of the Company by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and ₹ 10,301 Lakhs from securities premium to write-off its accumulated losses of ₹ 38,401 Lakhs.

^ includes 243,207 (March 31, 2021: 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 ₹ 5 per share w.e.f September 29, 2020 and ₹ 10 per share upto September 28, 2020. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as may be 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.

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) As at March 31, 2022 and as at March 31, 2021, there is no individual shareholder or shareholder (together with 'Person acting in concert') holding more than 5% shares of the Company.

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

	As at March 31, 2022	As at March 31, 2021
Outstanding employee stock options under below schemes, granted/ available for grant:		
ESOP - V	1,25,33,720	1,98,71,500
	1,25,33,720	1,98,71,500

##### d) Number of treasury shares outstanding

	As at March 31, 2022	As at March 31, 2021
Balance as per last financial statements	1,98,71,500	2,19,75,000
Add: Additions during the year	-	2,50,000
Less: Exercise during the year	(73,37,780)	(23,53,500)
Closing balance	1,25,33,720	1,98,71,500

e) The Promoters, as defined by Companies Act 2013, do not hold any shares in the Company.

#### 16. Other equity

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Securities premium		
Balance as per last financial statements	16,444	26,712
Less: Adjustment pursuant to Capital reduction order	-	(10,301)
Add: On account of exercise of share options	114	33
Closing balance	16,558	16,444
General reserve		
Balance as per last financial statements	1,783	1,780
Add: On account of vested options lapsed during the year	4	3
Closing balance	1,787	1,783

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 16. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Employee stock options reserve		
Balance as per last financial statements	232	114
Add: Share based expenses	137	147
Less: On account of exercise of share options	(98)	(26)
Less: On account of vested options lapsed during the year	(4)	(3)
Closing balance	267	232
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	20,987	(19,828)
Add: Profit for the year	2,099	5,172
Add: Adjustment pursuant to Capital reduction order	-	38,401
Less: OCI - Re-measurement losses on defined benefit obligations	(64)	(12)
Less: Dividends [refer 16(a)]	(1,367)	(2,746)
Closing balance	21,655	20,987
Exchange reserve on consolidation		
Balance as per last financial statements	(11,570)	(12,206)
Add: Effect of foreign exchange rate variations during the year	267	636
Closing balance	(11,303)	(11,570)
Treasury Shares		
Balance as per last financial statements	(1,121)	(1,233)
Less: Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust	-	(22)
Add: On account of exercise of share options	424	134
Closing Balance	(697)	(1,121)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Summary of other equity:</b>		
Securities premium	16,558	16,444
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.		
General reserve	1,787	1,783
This represents appropriation of profit by the Company. Also, the amounts recorded in share options outstanding account are transferred to general reserve on account of lapse of vested stock options.		
Employee stock options reserve	267	232
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.		
Surplus in the consolidated statement of profit and loss	21,655	20,987
This represents surplus arising from operations of the Group.		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 16. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Exchange reserve on consolidation The exchange differences arising on 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.	(11,303)	(11,570)
Treasury Shares This represents own equity shares that are acquired from open market for issuance to employees under ESOP scheme.	(697)	(1,121)
<b>Total other equity</b>	<b>28,267</b>	<b>26,755</b>

#### 16(a) Distributions made and proposed

During the year ended March 31, 2022, the Company has paid a final dividend of ₹ 0.25/- (5%) per equity share on face value of ₹ 5/- each for the financial year 2020-2021.

During the previous year ended March 31, 2021, the Company has paid an interim dividend of ₹ 0.50/- (10 %) per equity share on face value of ₹ 5/- each for the financial year 2020-2021.

#### 17. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	276	66
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,396	1,245
	<b>1,672</b>	<b>1,311</b>

#### \*Payable to micro enterprises and small enterprises

(₹ in Lakhs)

Description	As at March 31, 2022	As at March 31, 2021
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	276	66
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.	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 17. Trade payables (contd.)

Trade payable ageing schedule

As at March 31, 2022

(₹ in Lakhs)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	148	128	-	-	-	276
Total outstanding dues of creditors other than micro enterprises and small enterprises	306	1,003	87	-	-	-	1,396
Disputed dues - micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues - Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>306</b>	<b>1,151</b>	<b>215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,672</b>

As at March 31, 2021

(₹ in Lakhs)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	54	12	-	-	-	66
Total outstanding dues of creditors other than micro enterprises and small enterprises	466	764	15	-	-	-	1,245
Disputed dues - micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues - Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>466</b>	<b>818</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,311</b>

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 39.

#### 18. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
Employee related liabilities	1,459	2,815
Interest accrued but not due on borrowings	-	5
Capital creditors	4	225
Unpaid Dividend <sup>^</sup>	28	-
	<b>1,491</b>	<b>3,045</b>

<sup>^</sup> Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 19. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Unearned revenue	1,803	2,182
Statutory dues	703	753
	2,506	2,935

### 20. Provisions

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b)]	304	275
	304	275
<b>Current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b)]	134	127
Leave benefits	696	664
	830	791

### 21. Deferred tax liabilities (net)\*

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Deferred tax liabilities		
Tax impact of depreciation arising from intangible assets pursuant to restructuring	8,088	7,058
	A	7,058
Deferred tax assets		
Depreciation and amortization expense: Tax impact of difference between tax depreciation and depreciation and amortization expense	12	13
Provision for employee benefits and others	1,334	756
	B	769
	(A-B)	6,289

\*Also, refer note 22.

### 22. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Provision for tax [net of advance tax ₹ 364 Lakhs (March 31, 2021: ₹ 87 Lakhs)]	84	91
Provision for foreign taxes	382	333
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2021: ₹ 62 Lakhs)]*	162	162
	628	586

\*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 33(i) for further details.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 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, 2022	As at March 31, 2021
Tax expense:		
Current tax charge	251	696
Provision - foreign withholding taxes(net)**	593	399
Deferred tax charge (net)^	426	2,670
<b>Total tax expense</b>	<b>1,270</b>	<b>3,765</b>

Notes:

\*\*Represents reversal/provision in respect of foreign withholding taxes deducted/ deductible by the overseas customers of the Group. Considering the expected utilisation of foreign withholding taxes, provision of ₹ 723 Lakhs (including provision of ₹ 279 Lakhs as at April 01, 2020) made during the earlier quarters, has been reversed during the year ended March 31, 2021.

^Deferred tax charge (net), comprises of 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 business restructuring effected from November 1, 2017, wherein, the Company's RMS business and the Digital business was transferred on going concern basis to Subex Assurance LLP and Subex Digital LLP respectively. Effective April 1, 2021 considering the favourable order received, no additional liability is created in respect of aforesaid tax benefits.

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, 2022	As at March 31, 2021
Profit before tax expense	3,369	8,937
Applicable tax rates in India	34.94%	34.94%
Computed tax charge (A)	1,177	3,123
Components of tax expense:		
Provision for foreign withholding taxes (net)	593	399
Tax effect of differential overseas tax rates	(465)	88
Others	(35)	155
Total adjustments (B)	93	642
Total tax expense (A+B)	1,270	3,765

Deferred tax relates to the following:

(₹ in Lakhs)

Particulars	Consolidated Balance Sheet		Consolidated Statement of profit and loss	
	As at March 31, 2022	As at March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation and amortization expense: Tax impact of difference between tax depreciation and depreciation and amortization expense	(16)	(20)	4	18
Tax impact of depreciation arising from intangible assets pursuant to restructuring	8,088	7,058	1,030	1,196
Losses available for offsetting against future taxable profits	-	-	-	1,340
Provision for employee benefits and others	(1,337)	(874)	(463)	98
Minimum alternative tax ("MAT") credit entitlement	(141)	-	(148)	-
Exchange differences	-	-	3	18
<b>Total</b>	<b>6,594</b>	<b>6,164</b>	<b>426</b>	<b>2,670</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 23. Revenue from operations\*

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products	1,873	3,873
Sale of services	31,361	33,128
Other operating income	110	202
	<b>33,344</b>	<b>37,203</b>
Disaggregation of revenue:		
Revenue by offering		
Sale of license	1,873	3,873
Implementation and customisation	10,099	11,096
Managed services	10,261	10,739
Support services	10,904	11,293
Sale of hardware	97	-
	<b>33,234</b>	<b>37,001</b>
Revenue by contract type		
Fixed price contract	11,852	14,442
Time and Material Contract	21,382	22,559
	<b>33,234</b>	<b>37,001</b>

\*During the year ended March 31, 2022, the Group recognized revenue of ₹ 3,420 Lakhs arising from opening unearned revenue, gross of trade receivables of ₹ 4,302 Lakhs, as of April 01, 2021 (March 31, 2021: ₹ 2,976 lakhs arising out of opening unearned revenue, gross of receivables of ₹ 3,565 Lakhs as of April 01, 2020). Refer note 31 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, 2022, other than those contracts wherein invoicing is on time and material basis is ₹ 10,481 Lakhs (March 31, 2021 : ₹ 10,461 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 75% 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, 2022	Year ended March 31, 2021
Income from Government incentive schemes (refer note 42)	706	79
Interest income on:		
Security deposits	12	31
Bank deposits	254	343
Miscellaneous income	43	17
Income from investment in Mutual fund	22	-
Net gain on disposal of property, plant and equipment	-	4
	<b>1,037</b>	<b>474</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages*	19,340	17,784
Contribution to provident and other funds	1,314	1,129
Employee share based payments	137	147
Gratuity expense [refer note 35 (b)]	126	101
Staff welfare expenses	532	559
	21,449	19,720

\* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 786 Lakhs (March 31, 2021: ₹ 333 Lakhs).

#### 26. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Interest		
Interest expense on lease liability	124	269
Other borrowings	1	5
Finance cost on Actuarial valuation	15	20
Interest others	54	2
	194	296

#### 27. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	530	347
Depreciation on right-of-use assets	457	1,028
Amortization of intangible assets	1	3
	988	1,378

#### 28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Cost of hardware, software and support charges	356	414
Sub-contract charges	2,491	2,672
Rent	639	364
Power and fuel	112	142
Repairs and maintenance		
Building	126	92
Others	812	657

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 28. Other expenses (contd.)

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Insurance	114	103
Communication costs	221	225
Printing and stationery	19	11
Traveling and conveyance	564	296
Rates and taxes	278	169
Advertisement and business promotion	428	125
Consultancy charges	1,214	812
Payments to auditors [refer note 28(ii)]	156	160
Sales commission	249	373
Commission to directors	36	48
Allowance for expected credit loss and bad debt written-off (net of reversal)	536	(153)
Exchange fluctuation (gain)/ loss (net)	(133)	989
Directors' sitting fees (refer note 32)	60	70
Donation	5	-
Bank Charges	77	58
Miscellaneous expenses	21	6
	8,381	7,633

#### 28(i) Payments to auditors (excluding goods and services tax):

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
(a) Statutory auditors		
As auditor		
Audit fee	84	87
Tax audit fee	3	3
In other capacity		
Other services (certification services)	6	7
Reimbursement of expenses	3	3
	96	100
(b) Other auditors for the subsidiaries		
As auditor		
Audit fee	59	59
In other capacity		
Reimbursement of expenses	1	1
	60	60
	156	160

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 29. Leases

During the previous year ended March 31, 2021, the Company had decided to shift from its earlier corporate office to a new premises in Bengaluru, India. Consequently, on account of the termination of lease agreement and in accordance with Ind AS 116 – 'Lease', the Company had written off the amortized value of existing right-of-use asset of ₹ 2,972 Lakhs and Lease liability of ₹ 3,414 Lakhs determined till the completion of notice period and vacation of existing premises, and has recognized a net gain of ₹ 554 Lakhs as Exceptional Item.

On account of entering into the new lease agreement, the Company recognised a right-of-use asset of ₹ 1,514 Lakhs and lease liability of ₹ 1,452 Lakhs. The weighted average incremental borrowing rate of 6.82% has been applied to lease liabilities recognised in the balance sheet at the date of commencement of the lease.

During the year ended March 31, 2022, one of the subsidiary namely Subex Inc. has decided to shift its earlier registered office to a new premises in United States of America. Consequently, on account of the termination of lease agreement and in accordance with Ind AS 116 – 'Lease', the Company had written-off the amortized value of existing right-of-use asset of ₹ 136 Lakhs and Lease liability of ₹ 148 Lakhs determined till the completion of notice period and vacation of existing premises, and has recognized a net gain of ₹ 12 Lakhs as other income.

On account of entering into the new lease agreement, the Company recognised a right-of-use asset of ₹ 1,514 Lakhs and lease liability of ₹ 1,452 Lakhs. The weighted average incremental borrowing rate of 6.82% has been applied to lease liabilities recognised in the balance sheet at the date of commencement of the leases.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The details of the right-of-use asset held by the Group is as follows:

(₹ in Lakhs)

	Buildings	Total
<b>Gross Carrying Value</b>		
As at April 1, 2020	5,543	5,543
Additions during the year on account of lease modifications	1,514	1,514
Disposals during the year on termination of lease agreement	(4,756)	(4,756)
Exchange differences	25	25
<b>As at March 31, 2021</b>	<b>2,326</b>	<b>2,326</b>
Additions during the year	-	-
Disposals during the year on termination of lease agreement	(225)	(225)
Exchange differences	26	26
<b>As at March 31, 2022</b>	<b>2,127</b>	<b>2,127</b>
<b>Accumulated Depreciation</b>		
As at April 1, 2020	1,119	1,119
Charge for the year	1,028	1,028
Disposals during the year on termination of lease agreement	(1,784)	(1,784)
Exchange differences	1	1
<b>As at March 31, 2021</b>	<b>364</b>	<b>364</b>
Charge for the year	457	457
Disposals during the year on termination of lease agreement	(89)	(89)
Exchange differences	9	9
<b>As at March 31, 2022</b>	<b>741</b>	<b>741</b>
<b>Net block</b>		
As at March 31, 2021	1,962	1,962
As at March 31, 2022	1,386	1,386

During the year ended March 31, 2022, the Group has incurred ₹ 639 Lakhs (March 31, 2021 : ₹ 364 Lakhs) towards expenses relating to short-term leases and leases of low-value assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 29. Leases (contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening	1,995	4,867
Additions	-	1,452
Interest on lease liabilities	124	269
Payments	(513)	(1,202)
On account of lease modification	(148)	(3,414)
Exchange difference	10	23
Closing	1,468	1,995
Current	470	420
Non-current	998	1,575

The following are the amounts recognised in statement of profit and loss:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use assets	457	1,028
Interest expense on lease liabilities	124	269
Expense relating to short-term leases (included in other expenses)	639	364
Gain on termination of lease agreement	(12)	(554)
Total amount recognised in statement of profit and loss	1,208	1,107

During the year ended March 31, 2022, the Group had total cash outflows for leases of ₹ 513 Lakhs (March 31, 2021: ₹ 1,202 Lakhs). During the year ended the Group also had non-cash additions to right-of-use assets of Nil (March 31, 2021: ₹ 1,514 Lakhs) and lease liabilities of Nil (March 31, 2021: ₹ 1,452 Lakhs). There are no future cash outflows relating to leases that have not yet commenced.

Cash and non-cash changes in liabilities arising from financing activities:

(₹ in Lakhs)

	As at April 1, 2021	Cash flow	Non-cash changes		As at March 31, 2022
			Other movements*	Foreign exchange movement	
Borrowings	584	-	(578)	(6)	-
Lease Liabilities	1,995	(513)	(24)	10	1,468
Total	2,579	(513)	(602)	4	1,468

\* Other movements to :

(a) Borrowings represents waiver of borrowings (PPP Loan).

(b) Lease liabilities includes interest on lease liabilities and deletion in lease liability on account of lease modification.

(₹ in Lakhs)

	As at April 1, 2020	Cash flow	Non-cash changes		As at March 31, 2021
			Other movements**	Foreign exchange movement	
Borrowings	-	600	-	(16)	584
Lease Liabilities	4,867	(1,202)	(1,693)	23	1,995
Total	4,867	(602)	(1,693)	7	2,579

\*\* Other movements to Lease liabilities includes addition to lease liabilities, interest on lease liabilities and deletion in lease liability on account of lease modification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 30. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the 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, 2022	Year ended March 31, 2021
Nominal value per equity share (₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020)	5	5
Profit attributable to equity shareholders (₹ in Lakhs)	2,099	5,172
Weighted average number of basic equity shares (No. in Lakhs)*		
Basic	5,461	5,406
Diluted	5,548	5,513
Earnings per share (₹ per share)		
Basic	0.38	0.96
Diluted	0.38	0.94

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

### 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 Group assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group 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 Group 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\*:

Region	(₹ in Lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
Americas	5,945	6,615
EMEA	20,161	20,752
India	520	1,172
APAC and rest of the world	6,718	8,664
	33,344	37,203

\* Revenues by geographic area are based on the geographical location of the customer.

No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2022 (March 31, 2021 : Nil)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 31. Segment reporting (contd.)

Non-current operating assets by geographical location are as follows\*\*:

Region	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
India	1,920	2,391
Outside India	481	748
Unallocated ***	34,409	34,409
<b>Total non-current operating assets</b>	<b>36,810</b>	<b>37,548</b>

\*\* Non-current operating assets includes Property, plant and equipment, Right-of-use assets, Other intangible assets, 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.

#### 32. Related party transactions

##### i. Name of related parties and nature of relationship

###### Trust that is consolidated

Subex Employee Welfare and ESOP Benefit Trust

###### Key management personnel of the Company:

Anil Singhvi

Chairman, Non-Executive & Non-Independent Director (w.e.f June 18, 2020)

Nisha Dutt

Independent Director

Poornima Kamalaksh Prabhu

Independent Director

George Zacharias

Independent Director

Vinod Kumar Padmanabhan

Managing Director & Chief Executive Officer

Designated partner of Subex Assurance LLP

Designated partner of Subex Digital LLP

Shiva Shankar Naga Roddam

Whole-time Director & Chief Operating Officer

Designated partner of Subex Assurance LLP (w.e.f. December 10, 2021)

Designated partner of Subex Digital LLP (w.e.f. December 10, 2021)

Sumit Agarwal

Chief Financial Officer (w.e.f. January 31, 2022)

G V Krishnakanth

Company Secretary & Compliance Officer

Venkatraman G S

Chief Financial Officer & Senior Vice President (upto December 10, 2021)

Designated partner of Subex Assurance LLP (upto December 10, 2021)

Designated partner of Subex Digital LLP (upto December 10, 2021)

##### ii. Details of transactions with key management personnel during the year ended March 31, 2022:

	(₹ in Lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Salary and perquisites:*</b>		
Vinod Kumar Padmanabhan (includes remuneration from Subex Assurance LLP)**	568	340
G V Krishnakanth**	77	46
Shiva Shankar Naga Roddam (includes remuneration from Subex Assurance LLP) **	509	207
Sumit Agarwal	17	-
Venkatraman G S**	327	113
	<b>1,498</b>	<b>706</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 32. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Dividend</b>		
Vinod Kumar Padmanabhan	-	2
Venkatraman G S	2	2
Shiva Shankar Naga Roddam	1	1
Anil Singhvi <sup>^</sup>	-	-
G V Krishnakanth <sup>^^</sup>	-	-
	3	5
<b>Director sitting fees</b>		
Anil Singhvi	18	20
Nisha Dutt	14	16
Poornima Prabhu	13	19
George Zacharias	11	11
	56	66
<b>Commission payable</b>		
Anil Singhvi	11	12
Nisha Dutt	9	12
Poornima Prabhu	7	12
George Zacharias	9	12
	36	48

\* 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 ended March 31, 2022, the Company has granted Nil ESOPs (March 31, 2021 : Nil ESOPs) to certain key management personnel under ESOP 2018 scheme. Of the total granted ESOPs, 17,10,000 (March 31, 2021 : 5,60,000) options has been exercised during the year. Refer note 34.

<sup>^</sup> Represents dividend paid ₹ 15,000 during the year ended March 31, 2022 and ₹ 30,000 during the year ended March 31, 2021 which are presented as Nil due to rounding off.

<sup>^^</sup> Represents dividend paid ₹ 21,250 during the year ended March 31, 2022 and ₹ 17,500 during the year ended March 31, 2021 which are presented as Nil due to rounding off.

### 33. Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Income tax demands [refer note (i)]	6,609	6,609
Service tax demands [refer note (ii)]	3,687	3,687
Bank guarantees (furnished to customers)	508	299

#### i. Income tax

- a) The Company has received assessment orders in respect of each of the financial years 2010-11, 2013-14 and 2014-15, 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, including its tax experts/ advisors, are of the view that the prices determined by it are at arm's length, expenditures are deductible based on

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 33. Contingent liabilities (contd.)

outcome of previous litigations, and is confident that its position will likely be upheld on ultimate resolution and will not have material adverse effect on the Company's financial position and results of operations. With respect to the aforesaid demands ₹ 1,776 Lakhs has been paid/refund adjusted under protest.

- 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 ₹ 3,088 Lakhs under section 143(3) of Income Tax Act, 1961 and ₹ 1,214 Lakhs 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 November 2016 wherein refund has been determined. 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.

#### 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.

#### 34. Employee stock options plans ('ESOPs')

During the year 2018-2019, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme – 2018" (referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (referred to as the "ESOP Trust"). The ESOP Trust is authorised to acquire shares of the Company through secondary market for administering ESOP for 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 recognised at cost and deducted from other equity. The ESOP trust held 1,25,33,720 and 1,98,71,500 treasury shares as at March 31, 2022 and March 31, 2021, respectively.

The Nomination & Remuneration Committee in their meeting held on January 31, 2022 granted 14,48,000 (March 31, 2021: 12,40,500) options under approved "Subex Employees Stock Option Scheme – 2018" to the eligible employees. The shares granted vest over a period of 1 to 3 years and can be exercised over a maximum period of 3 years from the date of vesting.

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

	2021-22		2020-21	
	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 – V	1,98,71,500	6.75	2,19,75,000	6.00
Exercised during the year				
ESOP – V	73,37,780	6.00	23,53,500	6.00
Granted during the year				
ESOP – V	14,48,000	20.00	12,40,500	18.00
Forfeited and expired during the year				
ESOP – V	25,24,092	6.95	9,90,500	6.00
Options outstanding at the end of the year				
ESOP – V	1,14,57,628	8.86	1,98,71,500	6.75
Options exercisable at the end of the year				
ESOP – V	94,89,628	6.66	1,19,24,750	6.00

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

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 (₹)	
	2021-22	2020-21	2021-22	2020-21
ESOP – V	1.84	2.16	6.00-20.00	6.00-18.00

\* considering vesting and exercise period

### Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value of ESOP V during the year is as below:

Particulars	March 31, 2022	March 31, 2021
Risk-free interest rate	6.68%	6.12%
Expected volatility of share	67.51%	72.08%
Expected life (years)	3	2
Dividend yield	1.59%	1.88%
Exercise Price	20.00	18.00
Weighted average fair value as on grant date (₹)	30.24	12.64

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.

## 35. 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 ₹ 1,310 Lakhs (March 31, 2021: ₹ 1,127 Lakhs) towards Provident Fund contribution (including administration charges) 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, 2022	As at March 31, 2021
A. Change in defined benefit obligation		
Obligations at beginning of the year	758	740
Service cost	126	101
Interest cost	37	38
Benefits settled	(137)	(133)
Actuarial loss (through OCI)	67	16
Currency translation adjustment	8	(4)
Obligations at end of the year	859	758

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 35. Employee benefit plans (contd.)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
<b>B. Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	356	274
Expected return on plan assets	22	18
Actuarial gain (through OCI)	3	4
Contributions	177	193
Benefits settled	(137)	(133)
<b>Plan assets at the end of the year</b>	<b>421</b>	<b>356</b>
Present value of defined benefit obligation at the end of the year	(859)	(758)
Fair value of plan assets at the end of the year	421	356
<b>C. Net liability recognised in the consolidated balance sheet</b>	<b>(438)</b>	<b>(402)</b>
	Year ended March 31, 2022	Year ended March 31, 2021
<b>D. Expenses recognised in the consolidated statement of profit and loss:</b>		
Service cost		
Interest cost (net)	126	101
Net gratuity cost	15	20
	<b>141</b>	<b>121</b>
<b>E. Re-measurement (losses)/ gains in OCI</b>		
Actuarial (loss)/ gain due to financial assumption changes	(3)	-
Actuarial (loss)/ gain due to experience adjustments	(64)	(16)
Actuarial (loss)/ gain - return on plan assets greater than discount rate	3	4
<b>Total expenses recognised through OCI</b>	<b>(64)</b>	<b>(12)</b>
<b>F. Assumptions</b>		
Discount rate	4.20%	4.90%
Expected return on plan assets	6.15%	6.41%
Salary escalation*	6.00%	5.95%
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 (2012-14) [March 31, 2021: Indian Assured Lives Mortality (2012-14)].

\*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, 2022	As at March 31, 2021
<b>G. Five years pay-outs</b>		
Year 1	134	127
Year 2	126	109
Year 3	115	98
Year 4	105	91
Year 5	97	82
After 5 <sup>th</sup> Year	584	498

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

H.	Contribution likely to be made for the next one year	134	127
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, 2022		Year ended March 31, 2021		
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	
Effect of change in discount rate					
Impact on defined benefit obligation increase/ (decrease)	(18)	19	(16)	17	
Effect of change in salary					
Impact on defined benefit obligation increase/ (decrease)	35	(33)	32	(31)	
Effect of change in withdrawal assumption					
Impact on defined benefit obligation increase/ (decrease)	(19)	22	(20)	25	

K. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2021: 6 years).

### 36. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

#### Contribution of net assets/ (liability) in the consolidated financial statements:

As at and for the year ended March 31, 2022

(₹ 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
<b>Parent</b>								
Subex Limited	48%	48,926	33%	(447)	(1%)	(3)	39%	(450)
<b>Indian subsidiaries</b>								
Subex Assurance LLP	40%	40,893	(102%)	1,368	(17%)	(35)	(117%)	1,333
Subex Digital LLP	(1%)	(1,408)	195%	(2,618)	(5%)	(11)	230%	(2,629)
Subex Technologies Limited	-	8	-	(4)	-	-	-	(4)
<b>Foreign subsidiaries</b>								
Subex (Asia Pacific) Pte Ltd.	1%	653	(11%)	143	8%	17	(14%)	160
Subex (UK) Ltd.	8%	8,073	11%	(152)	141%	286	(12%)	134
Subex Americas Inc.	6%	5,713	2%	(33)	(7%)	(14)	4%	(47)
Subex Inc.	(1%)	(713)	(70%)	937	(11%)	(22)	(80%)	915
Subex Middle East	-	(460)	39%	(518)	(6%)	(13)	47%	(531)
Subex Bangladesh Pvt.Ltd	-	(68)	1%	(20)	(1%)	(2)	2%	(22)
<b>Total</b>	<b>100%</b>	<b>1,01,617</b>	<b>100%</b>	<b>(1,344)</b>	<b>100%</b>	<b>203</b>	<b>100%</b>	<b>(1,141)</b>
Adjustments arising out of consolidation		(45,250)		3,443		-		3,443
<b>Total</b>		<b>56,367</b>		<b>2,099</b>		<b>203</b>		<b>2,302</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

### 36. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements: (contd.)

As at and for the year ended March 31, 2021

(₹ 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
<b>Parent</b>								
Subex Limited	47%	50,166	34%	2,622	-	-	31%	2,622
<b>Indian subsidiaries</b>								
Subex Assurance LLP	44%	48,634	62%	4,836	(2%)	(15)	57%	4,821
Subex Digital LLP	(4%)	(4,528)	(26%)	(2,010)	1%	8	(24%)	(2,002)
Subex Technologies Limited	-	15	-	(4)	-	-	-	(4)
<b>Foreign subsidiaries</b>								
Subex (Asia Pacific) Pte Ltd.	-	493	(4%)	(347)	4%	26	(4%)	(321)
Subex (UK) Ltd.	8%	8,146	29%	2,283	85%	535	34%	2,818
Subex Americas Inc.	5%	5,760	-	(10)	2%	12	-	2
Subex Inc.	(2%)	(1,628)	7%	533	11%	66	7%	599
Subex Middle East	-	69	(1%)	(67)	(1%)	(8)	(1%)	(75)
Subex Bangladesh Pvt.Ltd	-	(45)	(1%)	(57)	-	-	(1%)	(57)
<b>Total</b>	<b>100%</b>	<b>1,07,082</b>	<b>100%</b>	<b>7,779</b>	<b>100%</b>	<b>624</b>	<b>100%</b>	<b>8,403</b>
Adjustments arising out of consolidation		(52,227)		(2,607)		-		(2,607)
<b>Total</b>		<b>54,855</b>		<b>5,172</b>		<b>624</b>		<b>5,796</b>

### 37. Capital management

The Group's objective for capital management is to maximize shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. Surplus fund has been invested into risk free highly liquid financial instruments.

The capital structure as of March 31, 2022 and March 31, 2021 was as follow:

		As at March 31, 2022	As at March 31, 2021
Total equity (₹ in Lakhs)	(A)	56,367	54,855
As percentage of total capital		97.46%	95.51%
<b>Borrowings</b>		-	584
Lease liabilities (₹ in Lakhs)		1,468	1,995
Total borrowings and lease liabilities	(B)	1,468	2,579
As percentage of total capital		2.54%	4.49%
Total capital (₹ in Lakhs)	(A+B)	57,835	57,434

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 38. Fair value hierarchy

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

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Financial assets measured at amortized cost</b>		
Interest accrued but not due on bank deposits*	34	40
Trade receivables*	9,681	9,956
Unbilled revenue*	6,780	5,638
Security deposits <sup>^</sup>	317	301
Loans and advances to employees*	161	219
Margin money deposits with remaining maturity more than 12 months	130	2
Margin money deposits with remaining maturity less than 12 months	181	209
	<b>17,284</b>	<b>16,365</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Foreign currency forward contract <sup>#</sup>	8	9
Liquid Mutual Fund	1,165	-
	<b>1,173</b>	<b>9</b>
<b>Cash and cash equivalents and other balances with banks</b>		
Balance with banks	10,663	14,294
Earmarked balances with banks being unpaid dividend accounts <sup>**</sup>	28	-
Margin money deposits with original maturity more than 3 months but less than 12 months	176	207
	<b>10,867</b>	<b>14,501</b>
<b>Financial liabilities measured at amortized cost</b>		
Employee related liabilities*	1,459	2,815
Trade payables*	1,672	1,311
Capital creditors*	4	225
Borrowings*	-	584
Interest accrued but not due on borrowings*	-	5
Lease liabilities <sup>^</sup>	1,468	1,995
	<b>4,603</b>	<b>6,935</b>

\* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

# These accounts are considered to be highly liquid / liquid and the carrying amount of these are considered to be the same as their fair value.

<sup>^</sup> 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.

\*\*Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off as at March 31, 2021.

### 39. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 39. Financial risk management (contd.)

##### 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, 2022	As at March 31, 2021
Trade receivables	9,681	9,956
Unbilled revenue	6,780	5,638
<b>Total</b>	<b>16,461</b>	<b>15,594</b>

The movement in credit loss allowance on customer balance is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	2,088	2,178
Add/(less): Provided/(reversal) during the year	351	(153)
Less: Bad-debts written-off	(654)	-
Add/(less): Translation difference	49	63
<b>Closing balance</b>	<b>1,834</b>	<b>2,088</b>

##### 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 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 Group does not have any debt outstanding as at March 31, 2022. Also, the Group's investments are primarily in fixed rate interest bearing investments. Hence, the Group is not significantly exposed to interest rate risk as at March 31, 2022.

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, 2022		Year ended March 31, 2021	
	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
Borrowings	-	-	+1%	6
	-	-	-1%	(5)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2022

### 39. 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 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:

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	8,539	14,294
Other balances with banks	2,639	418
	11,178	14,712

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.

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
<b>As at March 31, 2022</b>					
Trade payables	-	1,669	3	-	1,672
Lease liabilities*	-	236	233	1,194	1,663
Other financial liabilities	28	1,417	46	-	1,491
	28	3,322	282	1,194	4,826
<b>As at March 31, 2021</b>					
Trade payables	1	1,301	9	-	1,311
Lease liabilities*	-	258	391	1,830	2,479
Borrowings	-	584	-	-	584
Other financial liabilities	-	3,045	-	-	3,045
	1	5,188	400	1,830	7,419

\*Includes future cash outflow toward estimated interest on lease liabilities

#### 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') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
<b>Financial assets</b>					
Trade receivables	1,925	733	2,342	863	5,863
Cash and cash equivalents and other bank balances	341	467	240	682	1,730
Other financial assets	1,521	109	1,078	1,001	3,709
<b>Total financial assets</b>	<b>3,787</b>	<b>1,309</b>	<b>3,660</b>	<b>2,546</b>	<b>11,302</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

#### 39. Financial risk management (contd.)

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
Financial liabilities					
Other financial liabilities	480	88	502	236	1,306
Total financial liabilities	480	88	502	236	1,306
Net financial assets/ (liabilities)	3,307	1,221	3,158	2,310	9,996

March 31, 2021

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
Financial assets					
Trade receivables	4,410	-	1,916	975	7,301
Cash and cash equivalents and other bank balances	1,427	363	340	1,503	3,633
Other financial assets	3,860	6	919	951	5,736
Total financial assets	9,697	369	3,175	3,429	16,670
Financial liabilities					
Other financial liabilities	505	-	292	29	826
Total financial liabilities	505	-	292	29	826
Net financial assets/ (liabilities)	9,192	369	2,883	3,400	15,844

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Forward contracts outstanding are as below:

Currency	Foreign currency amount		Amount in ₹ lakhs	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
USD	20,85,000	6,50,000	1,580	475
GBP	-	4,50,000	-	453

#### Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the each of the group entities would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.30% (March 31, 2021: 0.43%).

40. 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, 2022, considering losses incurred in past years, the Company does not have the obligation to incur expenses in relation to CSR.
41. 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, 2022 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2022

42. The US Federal government in the wake of COVID 19 pandemic provided support to business through Paycheck Protection Program (PPP). Subex Inc. obtained a benefit under this scheme for ₹ 600 Lakhs during May 2020. During the year ended March 31, 2022, Subex Inc. obtained complete waiver of the loan amount from Small Business Administration, United States government agency and accordingly the loan and interest accrued thereon was recognised as other income.
43. The Board of Directors of the Company in its meeting held on October 28, 2021 has approved the restructuring of the business, subject to all requisite approvals, wherein the business carried out by Subex Assurance LLP will be transferred to Subex Limited on a 'going concern' basis excluding Developed Technology and Investment in subsidiaries. The aforesaid restructuring is being carried out to achieve higher operational efficiencies upon integration and consolidation of business in the listed entity. On February 23, 2022, the shareholder of the Company approved the aforesaid restructuring through postal ballot. The aforesaid restructuring is likely to be completed over next few months.
44. On December 6, 2021, the Group experienced a cybersecurity incident related to ransomware. The Group could contain the incident in a timely basis and has also ensured that all traces of the infection are completely cleared from the network. All affected systems were restored and brought back to normalcy in the order of priority. The management has assessed the impact of the incident on the control environment and the financial statement process and conclude there was no material impact on the financial results. Since then, the Group has also been focused on implementing significant improvements to its cyber and data security systems to safeguard from such risks in the future.
45. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership No.: 213803

Place: Bengaluru, India  
Date: May 30, 2022

For and on behalf of the Board of Directors

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Sumit Kumar  
Chief Financial Officer  
Place: Bengaluru, India

Date: May 30, 2022

Anil Singhvi  
Chairman, Non- Executive & Non-Independent Director  
DIN : 00239589  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

## “SHAREHOLDERS’ INFORMATION”

### REGISTERED OFFICE

The Registered office of the Company is at Pritech Park – SEZ, Block-09, 4<sup>th</sup> Floor, B Wing, Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bangalore, Karnataka-560103.

### DATE AND VENUE OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

Date : September 19, 2022

Venue : Video Conference/Other Audio-Visual Means  
(Deemed Venue is at the Registered Office of the Company situated at Pritech Park - SEZ, Block-09, 4<sup>th</sup> Floor, B Wing, Sy No. 51-64/4, ORR, Bellandur Vlg, Varthur Hobli, Bangalore- 560103 )

Time : 11:00 A.M (IST)

### DATES OF BOOK CLOSURE

From September 13, 2022 to September 19, 2022 (both days inclusive)

### BOARD MEETINGS & FINANCIAL CALENDAR

The Company financial year begins on April 1 and ends on March 31 every year.

Calendar of Board Meetings to adopt the accounts

Financial year 2022-23 : April 01, 2022 to March 31, 2023

For quarter ending June 30, 2022 – 2<sup>nd</sup> week of August 2022

For quarter ending September 30, 2022 – 2<sup>nd</sup> week of November 2022

For quarter ending December 31, 2022 – 2<sup>nd</sup> week of February 2023

For the year ending March 31, 2023 – 4<sup>th</sup> week of May 2023

### DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2021-22.

### LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 5, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the financial year(s) 2021-22 and 2022-23 in accordance with the provisions of the SEBI (LODR) Regulations, 2015.

The 2,43,207 Global Depository Receipts (GDRs) of the Company are listed on the Professional Securities Market of London Stock Exchange since March 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	SUBEXLTD
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 INE754A01055.

### CUSTODIAL FEE

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. The said circular has been partially modified vide SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the financial year 2021-22 and 2022-23 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2021 and March 31, 2022 respectively.

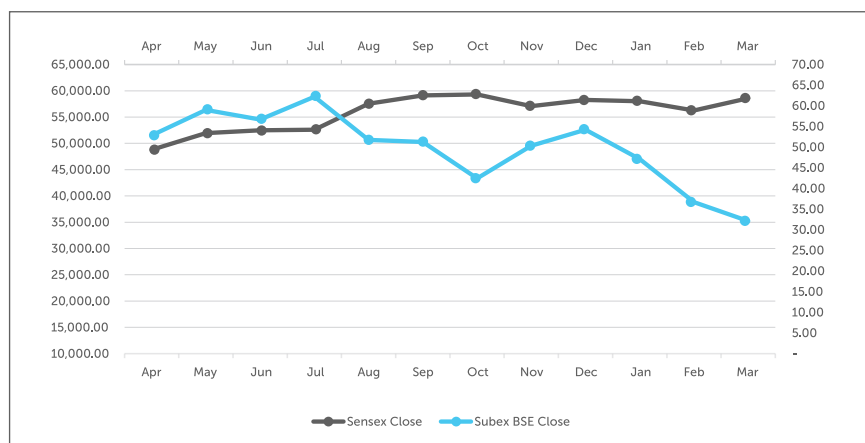
## STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA

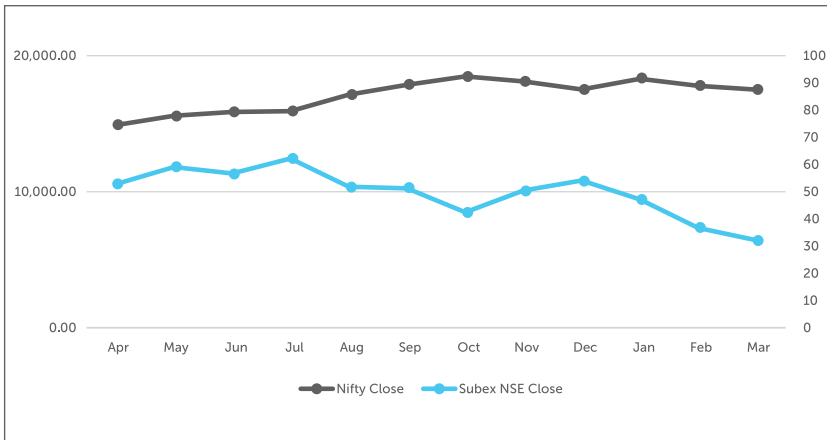
Monthly high and low quotes during each month in the financial year 2021-22 as well as the volume of shares traded on NSE and BSE are as under:

Month	NSE			BSE		
	High Price	Low Price	Number of shares traded	High Price	Low Price	Number of shares traded
Apr-21	62.10	35.00	41,33,03,277	62.20	35.05	5,74,87,654
May-21	67.40	50.20	34,28,35,846	67.40	49.00	6,08,94,727
Jun-21	63.20	51.20	23,25,07,033	63.10	51.30	4,93,31,736
Jul-21	74.40	56.00	39,76,28,299	74.45	56.05	6,59,08,511
Aug-21	63.30	43.15	25,04,90,178	63.50	43.10	4,61,07,370
Sep-21	58.75	50.25	15,42,61,116	58.70	50.25	2,89,91,114
Oct-21	58.10	41.15	17,78,69,188	58.00	41.00	3,19,27,023
Nov-21	58.80	41.30	20,18,76,043	58.75	41.25	3,02,35,168
Dec-21	61.20	48.85	18,06,37,020	61.30	48.75	3,03,53,613
Jan-22	56.20	44.00	10,62,55,753	56.00	44.15	1,84,71,092
Feb-22	46.60	33.40	8,61,86,171	46.60	33.30	2,11,98,401
Mar-22	38.80	30.40	10,92,51,276	38.75	30.40	3,30,73,002

## SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX (\* Closing indices)

Month	BSE Sensex *	Nifty 50
Apr-21	48,782.36	14,894.90
May-21	51,937.44	15,582.80
Jun-21	52,482.71	15,869.25
Jul-21	52,586.84	15,924.20
Aug-21	57,552.39	17,132.20
Sep-21	59,126.36	17,855.10
Oct-21	59,306.93	18,477.05
Nov-21	57,064.87	18,109.45
Dec-21	58,253.82	17,516.85
Jan-22	58,014.17	18,308.10
Feb-22	56,247.28	17,780.00
Mar-22	58,568.51	17,498.25





### CREDIT RATING

As per the CRISIL's letter dated September 03, 2021, the Company's credit rating is CCR A-/Stable.

Rating History is as mentioned below:

Instrument Type	Current Rating/Outlook	Historical Rating Outlook		
	Rating	04 September 2020	07 August 2019	26 July 2018
Issuer Rating	CCR A-/Stable	IND A-/Positive	IND A-/Stable	IND A-/Stable

### SHAREHOLDING PATTERN

Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2022		As on March 31, 2021	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	3,13,967	85.115433	1,26,544	78.52
5001 – 10000	23,928	6.486803	12,637	7.84
10001 – 20000	13,653	3.701284	8,161	5.06
20001 – 30000	6,367	1.726073	4,565	2.83
30001 – 40000	2,291	0.621083	1,548	0.96
40001 – 50000	2,471	0.669880	2,093	1.30
50001 – 100000	3,150	0.853955	2,514	1.56
100001 and above	3,045	0.825490	3,105	1.93
TOTAL	3,68,872	100	1,61,167	100

Categories of Shareholders:

Categories of Shareholders	No. of Shares of face value of ₹ 5 each	% of holding
Promoter & Promoter group	Nil	Nil
Public	54,84,96,508	97.60
Non-Promoter, Non-Public *	1,35,06,427	2.40
TOTAL	56,20,02,935	100

\*Includes shares held by the Subex Employee Welfare and ESOP Benefit Trust

### REGISTRAR AND SHARE TRANSFER AGENTS (RTA) AND SHARE TRANSFER SYSTEM

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) are the Registrar and Share Transfer Agent of the Company having its registered office at Kary Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032.

**A. Process for Transfer of Shares:**

According to SEBI (LODR) Regulations, 2015, no shares can be transferred unless they are held in dematerialized mode. Members holding shares in physical form are therefore requested to convert their holdings into dematerialized mode to avoid loss of shares and fraudulent transactions and avail better investor servicing. Accordingly, only valid transmission or transposition cases may be processed by the RTA of the Company, subject to compliance with the guidelines prescribed by SEBI.

The Board has delegated the authority for approving transmissions or transposition of shares etc. to the Stakeholders Relationship Committee. The decisions of the Stakeholders Relationship Committee are placed before the Board at the subsequent Board Meeting.

Shares in physical form for transfer/transmission/transposition should be lodged with the office of the Company's Registrar & Share Transfer Agent, M/s. KFin Technologies Limited, at the addresses given above or at the Registered Office of the Company. The above cases are processed if technically found to be in order and complete in all respects.

**B. Share transfers and other communication regarding Share certificates, updation of records, e-mail id's, etc. may be addressed to:**

KFin Technologies Limited,  
Selenium Building, Tower-B,  
Plot No- 31 & 32, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad, Telangana - 500032  
Tel Nos. +91 40 6716 2222, 3321 1000  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: <https://www.kfintech.com/>

**SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM**

As on March 31, 2022, 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, 2022, the outstanding GDRs were 2,43,207. There are no outstanding convertible instruments in the company.

**LOCATIONS**

- Westminster, Colorado USA
- Harrow, Middlesex, UK
- Burlington Square, Singapore
- Sharjah Airport International Free Zone, Sharjah, UAE
- Dhaka, Bangladesh

**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 from the RTA Agents of the Company. 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, 2021 to March 31, 2022 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.

Sl. No	Nature of Compliants	Received	Closed
1	Non-receipt of Securities	2	2
2	Non Receipt of Annual Reports	3	3
3	Request for Correction / Duplicate / Revalidation of Dividend Warrant	46	46
4	Investors complaints through Stock Exchanges	0	0
5	Investors complaints through SEBI	6	6
6	Non Receipt of Dividend Warrant	112	112
7	Compliant regarding Demat / Remat	0	0
	Total	169	169

### ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. G V Krishnakanth  
Company Secretary,  
Subex Limited, Pritech Park – SEZ, Block-09,  
4th Floor, B Wing, Survey No. 51 to 64/4,  
Outer Ring Road, Bellandur Village,  
Varthur Hobli, Bangalore, Karnataka-560103. India  
Telephone: +91 80 3745 1377  
Email: [investorrelations@subex.com](mailto:investorrelations@subex.com)

### WEBSITE

Company's website [www.subex.com](http://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, preceding year's Annual Reports, Annual General Meetings, distribution of shareholding, dividend, etc.









### India

CIN : L85110KA1994PLC016663  
Pritech Park – SEZ  
Block -09, 4th Floor, B Wing  
Survey No. 51 to 64/4  
Outer Ring Road, Bellandur Village  
Varthur Hobli  
Bangalore, Karnataka – 560 103  
Tel No. 080 3745 1377

### UK

Subex (UK) Limited  
1st Floor, Rama Apartment,  
17 St Ann's Road, Harrow,  
Middlesex, HA1 1JU, UK

### Middle East

Subex Middle East (FZE)  
Executive Desk Q1-04-098/B,  
P.O. Box: 513156,  
Sharjah Airport International  
Free Zone, Sharjah, UAE

### USA

Subex Inc.  
12303 Airport Way, Bldg. 1,  
Suite. 390, Broomfield,  
CO 80021,  
USA

### Singapore

Subex (Asia Pacific)  
Pte Limited  
175A Bencoolen Street  
#08-03 Burlington Square  
Singapore - 189650

### Canada

Subex Americas Inc.  
C/O BDO Canada LLP,  
5494, Manotick Main Street  
Box. 918, Manotick, Ontario  
Canada, K4M1A8

### Bangladesh

Subex Bangladesh Private Limited  
Wakil Tower, Ta-131 (8th Floor)  
Gulshan Badda Link Road,  
Gulshan  
Dhaka-1212, Bangladesh.