

August 29, 2020

To  
The Manager – Listing  
BSE Limited  
The National Stock Exchange of India Limited

Dear Sir/Madam,

**Sub: Notice of the 26<sup>th</sup> Annual General Meeting (“AGM”) and Annual Report 2019-20**

In furtherance to our intimations dated August 24 & August 26, 2020 respectively, and in compliance with the provisions of the SEBI (LODR) Regulations, 2015, please find enclosed the Notice convening the 26<sup>th</sup> AGM of the Members of Subex Limited (“the Company”) and the Annual Report for 2019-20, which will be circulated to the Members through electronic mode. The 26<sup>th</sup> AGM is scheduled to be held on Friday, September 25, 2020 at 3.00 PM (IST) through Video Conference/ Other Audio Visual Means (“VC/OAVM”). The Notice and the Annual Report will be made available on the Company’s website at <https://www.subex.com/investors/shareholder-services/>.

**Details pertaining to E-voting :**

Sl. No	Particulars	Details
1.	E-voting start date and time	Tuesday, September 22, 2020, 9.00 AM (IST)
2.	E-voting end date and time	Thursday, September 24, 2020, 5.00 PM (IST)
3.	Cut-off date for e-voting	Friday, September 18, 2020

Additionally, Members participating in the 26<sup>th</sup> AGM are being provided the facility of e-voting at the AGM.

We request you to take the aforesaid disclosure on record.

Thanking you.  
**For Subex Limited**



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

**Encl.: Notice of the 26<sup>th</sup> AGM & Annual Report for 2019-20.**

**Subex Limited**

CIN - L85110KA1994PLC016663

Registered Address: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560103,  
India

**SUBEX LIMITED**  
(CIN: L85110KA1994PLC016663)  
Regd. Office: RMZ Ecoworld  
Outer Ring Road, Devarabisanahalli,  
Bengaluru - 560103, India  
Phone : +91 80 6659 8700  
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Website: [www.subex.com](http://www.subex.com)

## NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting (26<sup>th</sup> AGM) of the Members of Subex Limited ('the Company') will be held on Friday, September 25, 2020 at 03.00 P.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 26<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, 2020 and the Reports of the Board of Directors' and Auditors' thereon.

#### 2. Re-Appointment of Mr. Vinod Kumar Padmanabhan as a Director liable to retire by rotation

To re-appoint Mr. Vinod Kumar Padmanabhan (holding DIN 06563872), who retires by rotation, and being eligible, seeks re-appointment.

#### 3. Re-appointment of Auditors

To re-appoint auditors to hold office from the conclusion of the 26<sup>th</sup> Annual General Meeting until the conclusion of the 31<sup>st</sup> Annual General Meeting, and to fix their remuneration by passing the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Bengaluru (ICAI registration number 101049W/E300004) be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of the 26<sup>th</sup> Annual General Meeting until the conclusion of the 31<sup>st</sup> Annual General Meeting, and that the Board of Directors (or Committee thereof) be and is hereby authorized to fix such remuneration as may be determined in consultation with the said Auditors".

### SPECIAL BUSINESS:

#### 4. Appointment of Ms. Nisha Dutt 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. Nisha Dutt (holding DIN 06465957), be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of five years with effect from March 25, 2020".

"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."

#### 5. Re-appointment of Mr. Anil Singhvi as a Non-Executive & Non-Independent Director of the Company

To consider and if thought fit, to pass, the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 149, 152, 161 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), 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, Mr. Anil Singhvi (holding DIN 00239589) be and is hereby re-appointed as a Non-Executive & Non-Independent Director of the Company with effect from June 18, 2020, liable to retire by rotation".

"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."

**6. Appointment of Mr. Shiva Shankar Naga Roddam as a Director of the Company**

To consider and if thought fit, to pass, the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 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) and the provisions of the Articles of Association of the Company, approvals and recommendations of the Nomination & Remuneration Committee, and that of the Board, Mr. Shiva Shankar Naga Roddam (holding DIN 07212118) who was appointed as an Additional Director and a Whole-Time Director of the Company by the Board at its meeting held on February 07, 2020, be and is hereby appointed as a Director of the Company to hold office for a term of three consecutive years with effect from February 07, 2020, liable to retire by rotation".

"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".

**7. Appointment of Mr. Shiva Shankar Naga Roddam as a Whole-Time 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 196, 197 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 V to the Companies Act, 2013, subject to the such other approvals as may be required including the Central Government, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Shiva Shankar Naga Roddam (holding DIN 07212118) as a Whole-Time Director of the Company, liable to retire by rotation., for a period of three years from February 07, 2020 to hold office until February 06, 2023 as per the terms of appointment including salary, commission and perquisites (hereinafter referred to as "Remuneration"), as detailed in the explanatory statement attached hereto, which hereby is approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority from time to time, to determine the amount of salary and commission as also the type and amount of perquisite and other benefits payable to the Whole-Time Director), in such manner as may be agreed to between the Board of Directors and the Whole-Time Director, provided however that the Remuneration payable to the Whole-Time Director shall not exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013".

"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 and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution".

By Order of the Board of Directors  
For Subex Limited

Place: Mumbai  
Date: August 10, 2020

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

**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.'s 4 to 7 of the Notice of the 26<sup>th</sup> AGM ("Notice"), is annexed hereto.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed, and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs ("collectively MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Companies Act, 2013, ("The Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 26<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 deemed venue for the 26<sup>th</sup> AGM shall be the Registered Office of the Company.
3. In terms of the MCA 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 26<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 26<sup>th</sup> AGM through VC/OAVM facility and e-voting during the 26<sup>th</sup> AGM. Scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the 26<sup>th</sup> AGM on its behalf and to vote through e-voting or during the 26<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 Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the Listing Regulations, read with the MCA Circulars and the SEBI Circular, the Company is providing remote e-voting facility to its Members in respect of the business to be transacted at the 26<sup>th</sup> AGM and a facility for those Members participating in the 26<sup>th</sup> AGM, to cast vote through e-voting system during the 26<sup>th</sup> AGM.
5. Kfin Technologies Private Limited ("Kfintech"), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for participation in the 26<sup>th</sup> AGM through VC/OAVM and e-voting during the 26<sup>th</sup> AGM. The procedure and instructions for participating in the 26<sup>th</sup> AGM through VC/OAVM and remote e-voting at the 26<sup>th</sup> AGM through are provided as part of this Notice.
6. 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 18, 2020.
7. In line with the MCA Circulars and SEBI Circular, the Notice of the 26<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.karvy.com>.
8. Since the 26<sup>th</sup> AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
9. Attendance of the Members participating in the 26<sup>th</sup> AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. In case of joint holders attending the 26<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.
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 upto the date of the 26<sup>th</sup> AGM i.e; September 25, 2020. Members seeking to inspect such documents can send an email to [investorrelations@subex.com](mailto:investorrelations@subex.com).
12. The certificate from the Auditors of the Company certifying that the Company's ESOP 2005 and ESOP 2018 stock option plans are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, will be available electronically for inspection by the Members upto the date of the 26<sup>th</sup> AGM i.e; September 25, 2020. 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 will remain closed from Saturday, September 19, 2020 to Friday, September 25, 2020 (inclusive of both days).
14. Members are requested to notify the Registrar & Share Transfer Agents – M/s Kfin Technologies Private Limited, Selenium Tower B, Plot 31- 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana, of any change in their address(es) to enable the Company to address future communications to their correct addresses including dividend matters.
15. Pursuant to SEBI circular No: SEBI /HO /MIRSD /DOP1 /CIR /P/2018/73 dated April 20, 2018 and notification No. SEBI/ LAD-NRO/GN/2018/24 dated June 08, 2018, as well as the Company's letters dated September 03 and October 04, 2018 respectively, members are requested to take necessary steps to dematerialize shares that are held in physical form, as transfer of shares held in physical form is no longer permitted.

16. Pursuant to Clause 2 (h) of the Companies (Significant Beneficial Owners) Amendment Rules, 2019, individuals who hold a right or entitlement directly in the Company are requested to intimate the Company through a declaration in Form BEN-1.
17. The Notice of the 26<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. For members who have not registered their email addresses, please refer Clauses 2 & 3 under **"Instructions to shareholders for participating in the E-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.
18. Members may also note that the Notice of the 26<sup>th</sup> AGM and the Annual Report 2019-20 will be available on Company's website under <https://www.subex.com/investors/shareholder-services/>.
19. Additional information, pursuant to Regulation 36 (3) of the Listing Regulations in respect of the directors seeking appointment/ re-appointment at the 26<sup>th</sup> AGM, forms part of this Notice.
20. Members who wish to get any further information as regards the items to be transacted at the meeting are requested to write to Mr. G V Krishnakanth, Company Secretary & Compliance Officer at [investorrelations@subex.com](mailto:investorrelations@subex.com) at least 2 days before the date of the 26<sup>th</sup> AGM so as to enable the management to keep the information ready.
21. Members desiring any information as regards the financial statements are requested to write to the Company at least 2 days before the date of the 26<sup>th</sup> AGM so as to enable the management to keep the information ready.
22. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in 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 Registrar & Transfer Agents, Kfintech.
23. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the AGM on the website of the Company at the following link <https://www.subex.com/investors/shareholder-services/>.

By Order of the Board of Directors  
For Subex Limited

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

Place: Mumbai  
Date: August 10, 2020

**Additional Information on Directors Seeking Appointment/Re-appointment at the 26<sup>th</sup> AGM****Ordinary Business:****Item No. 2:****Mr. Vinod Kumar Padmanabhan**

Mr. Vinod Kumar Padmanabhan joined Subex in 1997 and was part of the team that created software business at Subex and was instrumental in creating the sales and marketing channels that have become a great strength of Subex. He moved quickly through the Company's ranks and most recently served as the Chief Operating Officer (COO) of Subex, before taking over as Managing Director & CEO. In his role as COO, he led the worldwide operations covering portfolio development, business acquisition and fulfilment. He has helped lead and execute many of the company's new initiatives including managed services which accounts for over 25% of the current revenues at Subex.

Having spent more than 20 years at Subex, he knows Subex's ecosystem well and is a champion of its culture and ethos. He has an ability to inspire, energize, and connect with Subex's customers, employees, and other stakeholders.

He is a Bachelor of Technology in Electrical & Electronics from College of Engineering, Trivandrum. He also is a graduate of the Accelerated Management Program, Indian School of Business, Hyderabad, India.

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

**Special Business:****Item No. 4****Ms. Nisha Dutt**

Ms. Nisha Dutt is a member on the Board of Decodem Technologies. She has more than 15 years of experience in consulting across mainstream and development projects in over a dozen countries.

She has a keen understanding of markets and consumer behavior at the base of the pyramid and works on addressing a range of challenges for clients across inclusive business divisions, international foundations, and development finance institutions.

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

**Item No. 5****Mr. Anil Singhvi**

Mr. Anil Singhvi is the Chairman of ICAN Investments Advisors Pvt Ltd. Prior to ICAN Investments, he was advisor to the Reliance ADA Group. He has over 30 years of experience in the corporate sector, of which 22 years were with Ambuja Cements Ltd, where he rose from Manager to Managing Director & CEO.

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's 6 & 7****Mr. Shiva Shankar Naga Roddam**

Mr. Shiva Shankar Naga Roddam is responsible for Sales, Marketing, Engineering & Delivery. He brings close to two and half decades of experience in Telecommunications, Cloud and PaaS. He comes with extensive international experience and the ability to scale businesses in competitive environments, particularly around the SaaS space. He joined Subex from Plivo, a Y-combinator company where he was the Head of Growth. He holds a Management degree from IMDR Pune, with a specialization in Sales & Marketing with minor in Systems. He is an undergraduate in Electronics & Telecommunications Engineering and is a graduate in Triple Mathematics.

He is a member of the CSR 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 26<sup>th</sup> AGM of the Members of Subex Limited.

### Item No. 4: Appointment of Ms. Nisha Dutt as an Independent Director

Ms. Nisha Dutt is an Independent Director of the Company. She joined the Board of Directors of the Company in March 2015. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Ms. Nisha Dutt, being eligible and offering herself for appointment, is proposed to be re-appointed as an Independent Director of the Company for a period of five years.

The Board of Directors, on the recommendations of the Nomination & Remuneration Committee and based on the skills, experience, knowledge and performance evaluation, re-appointed Ms. Nisha Dutt as an Independent Director of the Company, not liable to retire by rotation, for a term of five years from March 25, 2020.

The Company has received from Ms. Nisha Dutt (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. Nisha Dutt 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. Nisha Dutt 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. Dutt, 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 recommends the Special Resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members.

### Item No. 5: Re-appointment of Mr. Anil Singhvi as a Non-Executive & Non-Independent Director of the Company

Mr. Anil Singhvi joined the Board of Directors of the Company in April 2011, as an Independent Director. The members are informed that at the 21<sup>st</sup> AGM of the Company held on June 19, 2015, the members approved the appointment of Mr. Anil Singhvi as an Independent Director for a period of 5 years and the said term expired on June 18, 2020. Prior to his appointment at the 21<sup>st</sup> AGM, Mr. Singhvi held

the office of Independent Director for a period commencing from August 14, 2014 upto the conclusion of 20<sup>th</sup> AGM of the Company. In accordance with the provisions of Section 149 of the Companies Act, 2013, a person can be appointed as an Independent Director for not more than two consecutive terms.

The Board of Directors, on the recommendations of the Nomination & Remuneration Committee and based on the skills, experience, knowledge and performance evaluation, recommends to the members the re-appointment of Mr. Anil Singhvi as a Non-Executive & Non-Independent Director of the Company with effect from June 18, 2020 and considers that his association would be of immense benefit to the Company and it is desirable to continue to avail his services as a Non-Executive & Non-Independent Director.

Except Mr. Singhvi, 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, he holds 60,000 equity shares of the Company.

### Items No. 6 & 7: Appointment of Mr. Shiva Shankar Naga Roddam as Director of the Company & Whole-Time Director of the Company

Taking into consideration the size and complexity of the Company's operations, the enormous responsibility for oversight of the Company, the qualifications and accomplishments of Mr. Shiva Shankar Naga Roddam and based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors (the "Board"), at its Meeting held on February 07, 2020 appointed Mr. Shiva Shankar Naga Roddam as an Additional Director and Whole-Time Director.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 the Rules framed thereunder and the Articles of Association of the Company, Mr. Shiva Shankar Naga Roddam would cease to hold office at the ensuing AGM, but would be eligible for appointment as a Director of the company subject to the approval of the members.

In terms of Sections 149, 161, 196, 197 and other applicable provisions of the Companies Act, 2013, Mr. Shiva Shankar Naga Roddam is proposed to be appointed as a Whole-Time Director of the Company for a period of three years. The Board considers it beneficial for Mr. Shiva Shankar Naga Roddam to be employed by Subex Assurance LLP and has approved the terms & conditions of the payment of remuneration to Mr. Shiva Shankar Naga Roddam.

Mr. Shiva Shankar Naga Roddam has been an employee of Subex Assurance LLP with effect from December 05, 2018, before he was appointed as Whole-Time Director & COO of the Company. The principal terms and conditions for his employment in Subex Assurance LLP are as set out below:

- a) Nature of Contract/ Agreement: Employment Agreement
- b) Tenure: The appointment will be for a period of 3 years (February 07, 2020 to February 06, 2023)
- c) The remuneration will be payable as follows:
  - i. Salary: ₹ 110 lakhs per annum

- ii. Commission: Mr. Shiva Shankar Naga Roddam will be eligible for variable pay of ₹ 110 lakhs on performance basis which can range upto 150% of the variable pay as per the employment agreement.
  - iii. Value of perquisites arising out of exercise of stock options granted by the Nomination & Remuneration Committee from time to time.
- d) Taxes: Mr. Shiva Shankar Naga Roddam shall be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with the appropriate authority.
- e) Other terms: Medclaim, Contribution to Provident Fund, Gratuity, Superannuation, Notice period, Severance payments for termination and change in control are as mentioned under his existing employment agreement.

Mr. Shiva Shankar Naga Roddam does not draw any remuneration from the Company for his appointment as Whole-Time Director & COO of the Company.

The Company has received from Mr. Shiva Shankar Naga Roddam (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, and (ii) intimation in form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Board believes that Mr. Shiva Shankar Naga Roddam will be able to devote his time and provide his expertise towards the efficient management and hence recommends his appointment as a Whole-Time Director on the Board to the members. The Board of Directors, on the recommendations of the Nomination & Remuneration Committee, recommends the resolutions under Item No. 6 of the Notice for approval by the members by means of an ordinary resolution and Item No. 7 by means of a special resolution.

Except Mr. Shiva Shankar Naga Roddam, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the resolutions mentioned at Items No. 6 & 7 of the Notice. As on the date of this Notice, Mr. Shiva Shankar Naga Roddam holds 50,000 equity shares of the Company. The employment agreement entered into between Subex Assurance LLP and Mr. Shiva Shankar Naga Roddam will be available electronically for inspection by the Members upto the date of the 26<sup>th</sup> AGM i.e; September 25, 2020. Members seeking to inspect the document can send an email to [investorrelations@subex.com](mailto:investorrelations@subex.com).

By Order of the Board of Directors  
For Subex Limited

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

Place: Mumbai  
Date: August 10, 2020

**SUBEX LIMITED**  
 (CIN: L85110KA1994PLC016663)  
 REGD. OFFICE: RMZ Ecoworld  
 Outer Ring Road, Devarabisanahalli,  
 Bengaluru - 560103, India  
 Phone : +91 80 6659 8700  
 Fax : +91 80 6696 3333  
 Email : [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 26<sup>th</sup> Annual General Meeting scheduled to be held on September 25, 2020 at 3.00 P M (IST).

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

Name of Director	Mr. Vinod Kumar Padmanabhan	Ms. Nisha Dutt	Mr. Anil Singhvi	Mr. Shiva Shankar Naga Roddam
DIN	06563872	06465957	00239589	07212118
Date of Birth	March 23, 1970	February 16, 1976	June 30, 1959	July 09, 1973
Date of appointment	April 01, 2018	March 25, 2020	June 18, 2020	February 07, 2020
Relationship with Directors	None	None	None	None
Expertise in specific functional area	Extensive Sales and Operational Experience	Extensive Operational Experience	Extensive Managerial Experience	Extensive Sales and Operational Experience
Qualification(s)	Bachelor of Technology in Electrical & Electronics (Distinction), College of Engineering, Trivandrum, Kerala.  Accelerated Management Program, Indian School of Business, Hyderabad.	M.S. Industrial Engineering, Supply Chain Management- from the Oklahoma State University, Oklahoma.  Master's in Business Administration, from Ohio State University, Ohio.	Chartered Accountant, ICAI, New Delhi	Bachelor's in Engineering- in Electronics & Telecommunications, from the Institution of Electronics & Telecommunication Engineers, New Delhi (IETE)  Bachelor's in Triple Maths, Osmania University, Hyderabad  Master's in Business Administration from the Institute of Management Development and Research, Pune, Maharashtra (IMDR)
Number of Shares held in the Company as on March 31, 2020	4,44,095	-	60,000	25,000
List of the Directorships held in other Listed Companies	-	-	1. Hindustan Construction Company Ltd 2. Shree Digvijay Cement Co Limited	-
Chairman/Member of the Committee of Directors of other companies in which he/she is a Director as on March 31, 2020*	-	-	3	-
Number of Board Meetings attended during the year 2019-20	6	4	6	NA

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

\* Committee membership includes only Audit Committee and Stakeholders Relationship Committee of Public Limited Companies (whether Listed or not).

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

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to provide members, the facility to exercise their right to vote on resolutions proposed to be considered at the 26<sup>th</sup> AGM by electronic means through e-voting. The facility of casting the votes by the members using an electronic voting system for the 26<sup>th</sup> AGM ("remote e-voting/ e-voting") will be provided by Kfin Technologies Private Limited ("Kfintech")
2. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, the Notice of the 26<sup>th</sup> AGM and the Annual Report for the year 2019-20 (including therein the Audited Financial Statements for year 2019-20), are being sent only by email to the Members whose email addresses were registered with the Company / Depositories / RTA. Therefore, those 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. Members holding shares in physical mode are requested to update their email addresses with the Company's RTA, Kfintech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) to receive copies of the Annual Report 2019-20 in electronic mode.
3. In light of the MCA Circulars, shareholders who have not registered their email addresses and in consequence the Notice & Annual Report could not be serviced, may temporarily get their email addresses registered with the Company's Registrar & Share Transfer Agent, Kfintech, by clicking the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) and follow the registration process. Post successful registration of the email address, the shareholder would get a soft copy of the Notice & Annual Report and the procedure for e-voting along with the User ID and Password to enable e-voting for the 26<sup>th</sup> AGM. If you are already registered with Kfintech for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
4. It is clarified that for permanent registration of email address, the members are however requested to register their email address, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar & Share Transfer Agent, Kfin Technologies Private Limited, Selenium, Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, India, by following due procedure.
5. Those members who have already registered their email address are requested to keep their email addresses validated with their Depository Participants / the Company's Registrar & Share Transfer Agent, Kfintech, to enable servicing of Notices / documents / Annual Reports and other communications electronically to their email address.
6. The e-voting portal will open for voting on **Tuesday, September 22, 2020 from 9.00 a.m. (IST) to Thursday, September 24, 2020** till 5.00 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 18, 2020** may cast their vote electronically. The e-voting module will be disabled by Kfintech on **Thursday, September 24, 2020 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.
7. Mr. Pramod S M (Membership No.7834), Partner, BMP & Co, LLP, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
8. A member may participate in the 26<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.
9. The Scrutinizer shall unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the 26<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.
10. 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.karvy.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.
11. In case a Member receives an email from Kfintech [for Members whose email addresses are registered with the Company / Depository Participants / RTA]:
  - a. Launch internet browser by typing the URL: <https://evoting.karvy.com>
  - b. Enter the login credentials provided in the email received from Kfintech. However, if a member is already registered with Kfintech for e-voting, they can use their existing User ID and password for casting their vote.
  - c. After entering these details appropriately, click on "LOGIN".
  - d. Members will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character [@,#,\$,etc.]. The system will prompt the member to change their password and update their contact details like mobile number, email addresses, etc. on first login. Members may also enter a secret question and answer of their choice to retrieve their password in case they forget it. It is strongly recommended that members do not share their password with any other person and that they take utmost care to keep their password confidential.
  - e. Members need to login again with the new credentials.

- f. On successful login, the system will prompt the member to select the e-voting Event Number "EVENT" for "Subex Limited".
- g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date, **September 18, 2020**, under "FOR / AGAINST" or alternatively, member may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed their total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head .
- h. Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- i. Voting has to be done for each item of the Notice separately. In case members do not desire to cast their vote on any specific item, it will be treated as abstained.
- j. Members may then cast their vote by selecting an appropriate option and click on "SUBMIT".
- k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once a member confirms, he/she will not be allowed to modify. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- l. Upon confirmation, the message 'Vote cast successfully' will be displayed. Once you have confirmed your vote on the resolution, you cannot modify your vote.
- m. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI. Etc.) are also required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), 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). The scanned image of the above mentioned documents should be in the naming format "Subex Limited\_ EVENT NO."
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 Friday, September 18, 2020 he/she may write to Kfintech at [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com), requesting for the User ID and Password. However, if a member is already registered with Kfintech for e-voting, they can use their existing User ID and password for casting their 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.
14. The Members can join the 26<sup>th</sup> AGM fifteen minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
15. As per the MCA Circular up to 1000 members will be able to join the 26<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. Please note that the shareholders who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.
17. Shareholders are encouraged to join the 26<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.
18. 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.
19. 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).<br><br>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          |
20. **Speaker Registration during Meeting session:**
- Speaker registration may also be allowed during the remote e-voting period. Shareholders who wish to register as speakers are requested to visit <https://evoting.karvy.com/> and click on 'Speaker Registration' during this period. Shareholders shall be provided with a 'queue number' before the 26<sup>th</sup> AGM. Shareholders are requested to remember the same and wait for their turn to be called by the Chairman of the meeting during the Question Answer Session. Due to limitations of transmission and coordination during the 26<sup>th</sup> AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance.
- The speaker registration shall commence on **Monday, September 21, 2020 9.00 AM (IST) and will close on Thursday, September 24, 2020 at 10.30 AM (IST).**
21. **Questions prior to Meeting**
- Shareholders who would like to express their views/

ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on "Post your Questions" and may post their queries/ views/ questions in the window provided by mentioning the name, folio number, email addresses, mobile number.

Please note that, shareholders' questions will be answered only if the shareholder continues to hold the shares as on cut-off date i.e. **Friday, September 18, 2020**. The "Post your Questions" window shall be activated during the remote e-voting period

and shall be closed on **Thursday, September 24, 2020 at 10.30 AM (IST)**.

22. 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.kavy.com> or contact Mr. S V Raju of Kfin Technologies Private Limited at +040-67162222 or at 1800 345 4001 (Toll Free).

# Redefining Our Identity Through Digital Trust

SUBEX ANNUAL REPORT 2019-20



# ANNUAL REPORT

2019-2020

## 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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## REDEFINING OUR IDENTITY THROUGH DIGITAL TRUST



Given the breakneck speed of technological advancement, businesses face the risk of obsolescence if they fail to innovate or adapt with agility. This has nudged organizations to explore new business models, technologies, and revenue streams, often putting them in uncharted waters. Of course, as they say, with great risks come great opportunities. In this backdrop, the one aspect that lies at the intersection of opportunities, risks and vulnerabilities is Trust. Digital Trust becomes the key enabler for high quality digital interactions by measuring and quantifying expectations of an entity – specifically validating who or what it claims to be, and if it will behave in an expected manner within a digital business transaction.

Historically, Subex's evolution as a product company has always reflected our ability to foresee an emerging need or a trend, and then build capabilities to help our customers address the inherent challenges that come with that trend. This continues with our transition into the space of Digital Trust as well. Identifying Digital Trust as the underpinning critical element of every digital transaction, Subex has crafted a unique roadmap and strategy that helps us address this emerging need. Our credibility of handling huge volumes of telecom data for over two decades acts as the foundation for this phase of growth in the space of Digital Trust.

# STRATEGIC FRAMEWORK

## OUR PURPOSE

### TO UNLOCK POSSIBILITIES

-  Customers
-  Partners
-  Subexians
-  Shareholders

## OUR VISION

 **TO BE THE GLOBAL LEADER IN DIGITAL TRUST**

## GOALS

-  **VIBRANT SUBEX**
-  **REVENUE GROWTH**

## OUR VALUES

-  Think Customer
-  Make It Happen
-  Create Value
-  Win Together
-  Be Open Be Fair

## OUR STRATEGY

### 3 HORIZON STRATEGY

-  **Expand the core**
  - Revenue Assurance
  - Fraud Management
  - Partner Management
  - Network Asset Management
  - Capacity Management

-  **Growth in New Areas**
  - IoT Security
  - Analytics Center of Trust

-  **Invest in New Verticals (Multi-vertical SaaS)**
  - CrunchMetrics
  - IDcentral



“The highlight of course was the resilience in our margins where our EBITDA margins (excluding forex for the year) ended at ₹ 862 million as against ₹ 514 million in FY 19.

## A NOTE TO SHAREHOLDERS

### Dear Shareholders,

It gives me great pleasure to address you once again to update you on the progress made by your Company during the last financial year and the outlook for the year going ahead.

At the outset, I hope that you and your family are safe and in sound health. The recent crisis due to COVID-19 has led to an atmosphere of uncertainty resulting in disruption that most organizations had not foreseen. Even before various governments issued their respective mandates, we took the call to return nearly all our on-site employees to their bases and invoke the Business Continuity Plan. It helped us in getting the requisite clearances, institute standard operating procedures, set up remote working, and address bottlenecks before the lockdown restrictions kicked in. As an organization enabling critical operations for customers in over 90 countries, our objective was to ensure minimal business disruption while safeguarding Subexians' health at the same time. I am happy to inform you that all Subexians are sound and safe at this point. While we are still not over the hump, we will continue to monitor the global situation and take appropriate steps.

Against the backdrop of the pandemic, we had a steady year in terms of our financial performance. The revenue for the year was ₹ 3,650 million as against ₹ 3,481 million in FY 19, which translates to a 5% growth. The highlight, of course, was the resilience in our margins where our EBITDA margins (excluding forex for the year) ended at ₹ 862 million as against ₹ 514 million in FY 19. Our Profit after tax (excluding exceptional items), was at ₹ 485 million as against ₹ 252 million in FY 19. So, a good year in terms of profitability while we continue to focus on increasing momentum in revenue growth.

## + We have started deployment of IoT security solution in a 5G edge cloud setup in APAC, and we expect to make it into a major 5G security reference site for us.

In line with our vision to be the leader in Digital Trust, we continued on the execution of our 3 Horizon strategy, that we initiated in FY 19. On our core, that is Horizon-1, we continue to see interest from Tier-I customers who are refreshing outdated technologies. The Telecom Business Support System (BSS) that we address in Horizon 1 is a mature but fragmented market segment. The introduction of advanced machine learning techniques in our products have made our solutions extremely attractive and is enabling us to compete very well and displace competitors and gain market share.

Further, we will be adding Augmented Analytics Platform, Partner Management and Capacity Management Solutions to our portfolio this year. The next generation augmented analytics platform, based on open source components, will help our customers to manage large volumes of data and generate meaningful insights. Partner management and capacity management solutions will address the emerging needs of telecom operators in a 5G scenario and leverage technologies like Blockchain and Machine Learning. We believe these additions will make our solution portfolio extremely interesting to our customers.

Horizon 2 continues to be our top growth area, and we are making slow but steady progress. 5G will ignite an explosion in the number of connected devices and along with it, the need for IoT security. We are currently deploying our

security solution in a 5G edge cloud setup in APAC and are confident that it will become one of the reference sites for 5G security. Another interesting one is the deployment at a European fuel cell Manufacturer wherein we are securing fuel cell that goes into electric cars. Further, we intend to strengthen our go-to-market channel with more strategic partners and OEMs.

On Horizon 3, while still early days, we are progressing well on CrunchMetrics and IDcentral. CrunchMetrics, our automated anomaly detection solutions are focused on solving specific business problems like pricing error, transaction glitches, supply chain issues, IT infrastructure issues in the eCommerce and FinTech segments. IDcentral's digital analytics platform soft-launched in Indonesia has several data custodians coming on board to achieve about 40% coverage of the population. We are now in the process of engaging enterprises to solve their digital identity analytics needs.

Despite the pandemic, the long-term outlook on Digital Trust remains strong. We will continue to stay the course and focus on execution of the three-horizon strategy to become the leader in Digital trust. Our investments into R&D continue unhindered as these are imperative to build capabilities and scale our business. We have also planned to increase the investment in the training of

Subexians, as it will be necessary to navigate and grow our company out of this pandemic.

The capital reduction exercise that we have initiated post the approval of the board and shareholders is progressing as per our plan. We intend to complete it this year.

As we go through these challenging times, I would like to place on record my heartfelt gratitude to all the Subexians who despite the trying circumstances, rallied with commitment and zeal to deliver the same level of service and excellence to our clients. I am also grateful to our board of directors for their advice and direction during this journey. And lastly but most importantly, the shareholders, who have been with us through thick and thin, means a lot to us and we thank you for all the confidence that you have reposed on us.



Warm regards,

**Vinod Kumar Padmanabhan**

Managing Director & Chief Executive Officer

## INVESTOR FACTSHEET

Subex is a pioneer in enabling Digital Trust for businesses across the globe. Founded in 1994, Subex has spent over 25 years in helping Global Communications Service Providers maximize their revenues and profitability. Having served the market over the last 25 years by providing 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 privacy, security, risk mitigation, identity, predictability and confidence in data, Subex helps businesses embrace the disruptive changes in the business landscape and succeed with Digital Trust.

### STOCK PROFILE

Sector	IT Software Products
BSE	SUBEX   532348
NSE	SUBEX
Incorporated	December 06, 1994
Issued Shares (Cr)	56.20
Share Price* (₹)	11.01
Market Cap* (₹ Cr)	618.8
52-week H/L Range (₹)	11.01 – 2.80
Float as % of O/S Shares	90%

\*Share price and market cap (BSE) as on 10th August'20

### VALUATION MAR '20

EV/Sales (x)	0.23
EV/ EBITDA (x)	0.97



- Promoters - 0.00%
- Public - 96.05%
- Non Promoter-Non Public - 3.95%

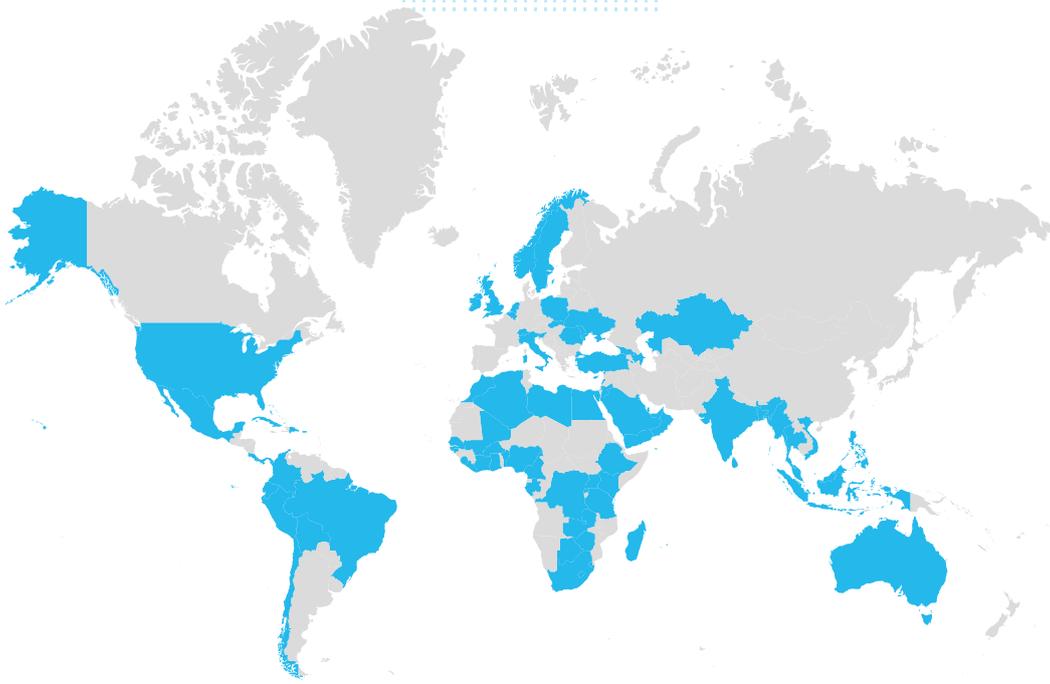
## QUICK FACTS



## INVESTMENT HIGHLIGHTS

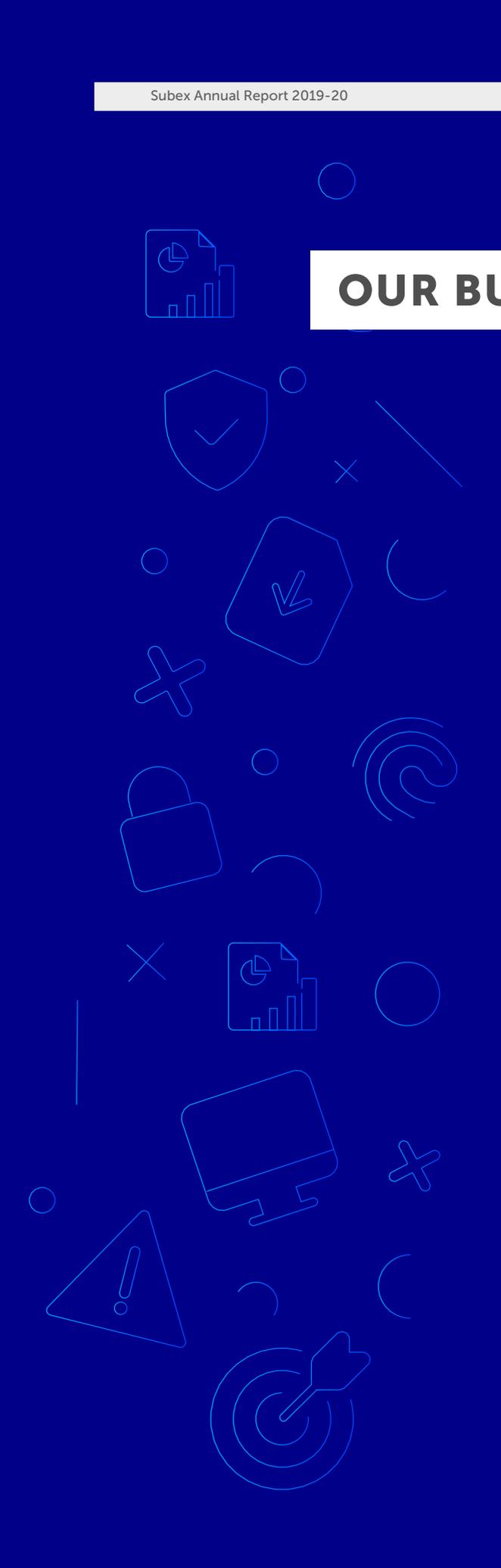
- Pioneers in the space of Digital Trust
- Leading player in the telecommunication space focusing on products to communications service providers (CSPs) globally to drive digital transformation and competitive differentiation
- Organization restructured keeping customers at the center to enhance value delivery
- Making strong inroads in the multi vertical IoT Security space; IoT Security Market is expected to touch US\$ 4.5 billion by 2022
- Incubating virtual startups within the 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, Deep learning based anomaly detection
- Passionate and committed team led by CEO Vinod Kumar Padmanabhan with clear focus to put the company on growth track
- Zero debt with operating cash flow of ₹ 67 Crore in FY 20
- Successful execution of 3 Horizon strategy will create substantial value for all stakeholders

## WHERE WE OPERATE



## OUR DISTINCTIVE RESOURCES





## OUR BUSINESS AT GLANCE

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

Against this backdrop, a key element is often ignored and one that lies at the intersection of opportunities, risks and vulnerabilities is Trust. Trust is the centerpiece for every interaction on a personal, societal and business level – in both traditional and digital business models.

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

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

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

# PRODUCTS & SERVICES



## ROC Revenue Assurance

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



## ROC Fraud Management

- Built to increase fraud prevention by eliminating known frauds, uncovering new fraud patterns, minimizing fraud run time, augmenting internal controls, and supporting continuous fraud management process improvements
- Combines a traditional rules engine, advanced AI/ML capabilities and a scalable architecture to ensure proactive detection of fraudulent activities on the network



## ROC Network Asset Management

- Helps operators save millions of dollars through its analytics-driven asset harvesting insights
- Provides a framework to audit network assets, evaluate inventory and make a business case for a network upgrade
- Offers an in-depth view of network assets and inventory to optimise opex as well as capex
- Drives smarter network capital investment and network asset lifecycle management through its AI/ML-based capabilities



## ROC Capacity Management

- Provides proactive, actionable business intelligence with the power of AI/ML capabilities to make appropriate investments in maximizing network capacity
- Gleans insights from network capacity trends
- Helps identify capacity 'hot-spots' and predict 'time-to-exhaustion'



## ROC Partner Management

- Identify the right partners for your business and onboard them quickly through a configurable workflow-based process to add new revenue streams.
- Reduce time-to-market for new services and ensure early revenue realization, business growth, and faster customer acquisition.
- Create transparent partnerships by allowing partners to access critical information and make informed business decisions.



## Partner Settlement

- Leverage automation and data analytics to facilitate accurate billing and settlement to manage revenue and margins across interconnect and digital ecosystem.
- Enables you to introduce innovative services, bundle offerings and products and handle billing for traditional and digital services, thereby opening new business streams for complex variable pricing models.

## ROC Route Optimisation

- Ensures accurate route optimization based on network traffic and capacity forecasting business rules while maintaining the quality of service.
- Automate distribution of sales offers, contracts, and dial codes based on different costing methods of sales and buying prices.
- Automate end-to-end rate management and switch provisioning, thereby improving operator efficiency and reduces the workload



## Subex Secure

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



## ACT (Analytics Center of Trust)

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



## CrunchMetrics

- CrunchMetrics is an advanced real-time analytics platform that automatically analyzes streaming data at a granular level to identify critical incidents and new business opportunities in real-time
- The vertical agnostic platform is equipped with powerful analytical capabilities such as AI-powered anomaly detection, multivariate analysis, and auto-clustering for extremely low latency and automated operational decision making
- Packed with features such as contribution analysis and smart insights, CrunchMetrics allows you to understand your data better and identify the root cause of unexpected anomalies before they affect your revenue



## IDcentral

- A comprehensive identity repository enabling enterprises to convert attributes to digital identities
- Identity verification and authentication solutions based on phone number and alternate ID
- Data driven intelligence for a comprehensive behavioral score of your consumers





## CHIEF EXECUTIVE'S STRATEGIC VIEW

A conversation with

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



**Q. Over the last year, Subex has been aggressively focusing on enabling Digital Trust in business ecosystems. What makes Digital Trust essential to successful organizations in the current situation, and how is Subex progressing in this pursuit?**

*Make digital trust your USP*

Modern technologies are emerging at a breakneck pace leaving regulators scrambling to catch up, making data the hottest commodity within enterprises. This has led to an increased adoption of digital services and modes of engagement as businesses continue to shift online. Businesses across domains are riding on the tremendous data being generated from online payments, entertainment, and communication platforms to deliver extreme personalization. However, on the flip side, real-life instances across multiple industries reveal that trust in digital services is at an all-time low. Additionally, hyper-vigilance has become essential in the wake of a five-fold increase in cyber-attacks. All of these factors place the onus on digital trust. Assuring immutable digital trust can unlock a world of opportunities to exponentially grow one's business, especially in a secure, personalized, smart, and uber-connected ecosystem. We recognized this growing need early on and tuned our offering to cater to this. Today, Subex defines Digital Trust as the convergence of privacy, identity, security, confidence in data, and risk mitigation, and our products align well with these overarching tenets. Building trust is about competitive advantage, and this is exactly what Subex offers – deep trust as a foundational lever for higher customer stickiness. Our customers, particularly CxOs and senior management, resonate with the need for Digital Trust and the uptake has been positive. We are consistently innovating within this space so we can refine our positioning, inspire confidence, and inject richer functionalities that better serve our customers.

**Q. Considering the consolidation that is taking place, what are Subex's plans to stay relevant in the market?**

*Bullish about our offerings*

In truth, the consolidation within telecommunications works very much to the advantage of strong and deep-rooted players like Subex. To continue being an integral part of the 5G and enterprise business growth journey for CSPs, we have an actively evolving Digital Trust portfolio that spans across 3 horizons. Our core Horizon 1 offerings now boast AI/ML capabilities, and continue to attract Tier 1 customers that want to modernize their legacy systems, strengthen digital dexterity, adopt and scale 5G, etc. This year, we are also expanding our ROC suite with two new products developed on open source and blockchain technologies. Our powerful Horizon 2 offerings around IoT security and analytics are geared to support the demand for cloud infrastructure, edge computing, industrial automation, and IoT-enablement. Powered by Digital Trust, these products will help CSPs maneuver into that focal position where they can comprehensively serve an enterprise's needs through pervasive connectivity, cloud-based infrastructure, and 360-degree security. CrunchMetrics and IDCentral, which are part of our Horizon 3 offerings, enhances our Digital Trust portfolio. Both these solutions have been created with a focus on market dynamics and have given us the impetus to broaden our horizons into domains beyond the telecom world

**Q. What growth are you seeing in IoT security? What is the next phase and how do you plan to get there?**

Certainly, the IoT security market will be a crucial revenue lever for us. 5G has arrived and CSPs are investing significant amount of money to upgrade their capabilities. Given the lower commercial value of consumer-led use cases, the strategy for 5G monetization is largely enterprise driven. So, enabling industrial automation becomes key. 5G will ignite an explosion in the number of connected devices even as smart cities and critical infrastructure become a reality. Within the next 5 years, APAC and North Americas is expecting 11 billion and 6 Billion new IoT connections respectively. This entire web of connected devices becomes gigantic and extremely complex. It is a

sweet spot for hackers, especially given their advanced techniques, making the whole ecosystem quite vulnerable. Stakeholders in such an ecosystem will fail to derive value from their IoT deployments and, in some cases, even suffer tremendous setbacks if security is not addressed as a key priority.

These factors – the rapid increase in the number of connected devices, the looming threat of vulnerability, and our ability to secure infrastructure and investments – make IoT security the next big thing for us. Recent enhancements to our IoT security platform also promise better user experience, faster issue identification and resolution, and analytics-as-a-service. Parallely, Subex is extending its reach into commercial, industrial and automotive IoT through strategic partnerships with OEMs and FinTechs. We are already executing a project for a non-telco client in South Africa. At present, because of COVID-19, there is some disruption, but engagements will resume at speed once markets reopen.

#### **Q. What is the expectation from CrunchMetrics and IDCentral?**

Across both these solutions, we are using a two-track approach. One path is to forge partnerships with data-centric organizations, and we are progressing well here. Technology-wise, we have made significant steps towards fine-tuning these offerings based on market and customer feedback. On CrunchMetrics, we have added multivariant capabilities to our anomaly detection solution and are now focused on solving specific business problems in the eCommerce and FinTech segments. Our focus areas include business operations like pricing error, transaction glitches, and supply chain issues as well as IT operations like platform and infrastructure challenges. IDCentral's digital analytics platform has had a pilot launch in Indonesia, achieving coverage across nearly 40% of the population with five data custodians. Parallely, we are also collaborating with enterprises and using our data to solve their challenges around digital identity. Thus, even as our data sources get better, we are constantly refining how we can use and monetize these through relevant use cases and solutions that articulate clear outcomes and address pain points for clients. This will direct our GTM strategy for greater effectiveness post-launch.

#### **Q. Keeping in mind the global slowdown due to the pandemic, how is Subex repositioning itself? What is your strategy for competitive advantage in the next year?**

*An eye on the market*

Subex is staying the course and following the roadmap set by our three-horizon strategy to become a global leader in Digital Trust. Globally, the economic recovery from COVID-19 is still fluid. The long-term investment strategies of CSPs haven't changed and, pursuant to this, our overall

strategy in enabling Digital Trust through our three-horizon offerings remains the same. We are resiliently meeting our ongoing project commitments and penetrating mature markets of North America and Europe as well as the emerging APAC market. Our diversification from the slow OSS/BSS segment into other avenues like IoT security, analytics, etc., is reflected in the ascending growth curve of our Horizon 2 offerings and positive market expectations from our Horizon 3 offerings.

What has changed is our emphasis on: 1) Upscaling our team to enhance our competitive advantage, and 2) Amplifying value from our investments to decrease time to market. We are also executing a new framework to boost overall performance. Across the board, we are pragmatically distilling our go-to-market strategy towards verticals that are less affected by the pandemic. In summary, we are aligning our products, people, and processes to ensure we lead the market with relevant and sustainable solutions.

#### **Q. Given the rising importance of connectivity, would you say that the COVID-19 crisis has unlocked new opportunities for service offerings?**

*In sync with the customer's pulse*

For Subex, the opportunity lies in customer engagement. Since COVID-19, CSPs have been stretched thin due to surging demand and network capacity spikes. Internet traffic increased by nearly 30% with users spending nearly 4 hours a day browsing social media (compared to the usual 1.5 hours), consuming online videos and TV, and leveraging video conferencing to work and learn from home. It is an unpredictable environment and telcos are grappling to stay ahead of potential problems. Many are still figuring out how to reprioritize their investments like balancing the need for advanced analytics versus optimizing costs. But as projects shift into remote mode, visibility is a challenge. Here, Subex helps through our dedicated global delivery and operations centers that enable distributed work and uninterrupted service delivery. This reinforces one part of our vision, i.e., improving time to market. Further, in the near future, our consulting-led Analytics Center of Trust can empower CSPs with predictive and prescriptive analytics to identify unknown variables, uncover problems and formulate appropriate solutions.

#### **How do you see Subex continuing on its path of continuous R&D when collaboration is a challenge because of remote working?**

*Ideation and discovery*

Our investments into R&D continue unhindered as these are imperative to build capabilities and scale our business. We are reaping the benefits of

'Vibrant Subex', our unifying work culture that has created highly performant and engaged Subexians, who have stayed the course despite strong headwinds. It has been a joint learning experience, both for us and our customers, on how to collaborate virtually. Interestingly, there have been more avenues for creative brainstorming. But since virtual tools are limited in their capacity to support whiteboarding sessions and face-to-face discussions, we have enabled optional work from office with all requisite precautionary and safety measures. This is helping us resume some of the projects that were on-hold because of the outbreak.

#### **Q. What are the key customer wins for FY 2019-2020?**

Revamping our fraud management and revenue assurance solutions using artificial intelligence and machine learning has won us several Tier 1 customers in Europe as well as APAC. Jawwal, the leading mobile network operator in Palestine, enlisted us to upgrade to the newer versions of our solutions. We won a multi-year deal with Econet Wireless Zimbabwe for our Analytics Center of Trust. VIVA Kuwait renewed their contract for our Revenue Assurance and Fraud Management solutions.

In highly competitive RFPs, Subex is repeatedly emerging as a winner, which I believe is a true endorsement of our capabilities. This has significantly sharpened our competitive edge. We are deploying our renewed partner management solution for a Tier 1 customer in North America. This year, Subex has also forayed into the automotive sector through partnerships with OEMs, which is an exciting opportunity for us.

#### **Q. What is the talent acquisition strategy for the coming year?**

*Upskilling talent to grab greater market share*

For the most part we are leaders in the market segments that we operate in and this has been possible because of our emphasis on continuous product and solution enhancements. We have substantially invested on developing our ML and AI capabilities and now have over 40 AI/ML specialists. This along with the development of new open source-open API next generation platform, digital security and automated anomaly detection products make our technical work content one of the best in the industry. Further we will be investing on upgrading the skills of Subexians to excel and explore their full potential. We are also bringing in new talents around areas like security, SaaS business to augment our capability. Overall the intention is to create the right environment for the best talents to flourish and succeed.



## INVESTING IN BUILDING TOMORROW'S GROWTH

A conversation with

**Venkatraman G S, CFO**

We continue our journey towards being a world leader in enabling Digital Trust, and you can see detailed updates in this annual report on the progress we are making on this front. Here is an update I wanted to provide on your company's financial performance for FY 19-20 and how we see FY 20-21 panning out.

For FY 19-20, we had reasonably good overall revenue growth at 5% compared to FY 18-19, and we ended the year with ₹ 365 crores in revenues, making FY 19-20 one of our strongest growth years in the past five years. We continue to look to drive higher growth in the business so that we have a larger share of revenues coming in from the Horizon 2 areas like ROC Insights and IoT Security. We have identified and invested in new areas like CrunchMetrics – A state-of-the-art AI/ML enabled multi-vertical anomaly detection solution, Digital Identity solutions through IDcentral as part of our Horizon 3 strategy. The strategic investments made in Horizon 3 areas will provide us with the right set of products to drive revenue growth in the coming years and expand our offerings across additional verticals beyond Telecom.

From a profitability perspective, FY 19-20 was a good year. We managed our overall costs well, and your company's Profit before exceptional items was at ₹ 79.96 crores, compared to ₹ 47.08 crore in FY 18-19, a growth of 69.8% over last year.

During the year, we focused on recognizing the challenges and significant investment requirements of telecom operators, which have resulted in a longer opportunity conversion cycle and lower costs towards IT solutions. To navigate these roadblocks, the management has undertaken our annual impairment exercise concerning the carrying value of goodwill and basis valuation. An external valuation expert conducted the exercise. Your company made an impairment provision of ₹ 314.7 crore towards the carrying value of goodwill. The management believes that the carrying value of goodwill as of March 31, 2020, post such impairment, is appropriate.

Our focus on managing liquidity and cashflows efficiently continues. We had strong cash generation from business operations. Our operating cash flows were at 78%, and free cash flows were at 67% of our EBITDA for the year. We ended the year with cash and cash equivalents of ₹ 90.4 crore compared to ₹ 39.5 crore end of last year. Normalized EPS\*(excluding exceptional items) for the year was higher by 82% compared to FY 2018-19.

As indicated in my communication with you last year, we have made good progress in some of the areas we wanted to focus on, to address our large equity capital base and the overall size of our balance sheet. I will cover them in some more detail in the following paragraphs.

- Your Board of Directors, in its meeting held on February 07, 2020, has approved a scheme of Capital reduction, in accordance with Section 52 and Section 66 of the Companies Act, 2013 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of the share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. Subject to the consent of the shareholders and the approval from NCLT and other statutory authorities, as and where applicable, the accumulated losses shall be written off against the paid-up share capital of the company. The aforesaid write-off against the paid-up share capital would be achieved by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each

- As we stand today, post-approval of the capital reduction scheme by your board of directors, the company's shareholders have also approved the scheme by e-voting. The capital reduction scheme now awaits approvals from NCLT and other statutory authorities as applicable.

- Once approved by the NCLT, the restructuring of our financials will enable us to have a rational structure commensurate with our current business, allowing us to better service the equity.

We have entered into settlement agreements with the former MD & CEO and

former COO of the Company in respect of long drawn litigations. This amicable settlement allows your company to focus on growing the business and not being distracted by the long-drawn litigation.

In line with supporting the growing needs of the business, your company set up a new subsidiary in Bangladesh.

As you are all aware, the COVID-19 pandemic hit large parts of India beginning the second week of March and disrupted your company's operations as well. Your company was able to make some early moves in response to the pandemic by triggering our business continuity plans (BCP). Keeping the health and safety of its employees on priority, we were able to keep our employees safe and manage to move almost 100% of our work to be executed remotely from our employees' homes. Your company was able to meet its obligations towards the customers without any disruption to our services.

The company has taken all the necessary steps to assess the possible effects of the COVID-19 pandemic on the business. Since the Group has a rich portfolio of services to partner with customers, which are primarily reputed telecom operators, we believe there should be a limited impact of COVID-19 on the annuity portion of our overall operations. However, the company will continue to monitor and assess the impact of COVID-19 on its business and provide periodic updates.

Other sections of this annual report highlight the initiatives and activities taken up by Subex in our effort to be responsible corporate citizens. We remain dedicated to enhancing transparency and maintaining disclosure to shareholders through various additional disclosures such as the Board's Report, Management Discussion and Analysis, Consolidated and Standalone Ind AS financials, and Shareholder's Information.

At Subex, we drive the culture of change, innovation, and knowledge management. Our expertise in innovation and excellence has enabled 'Subex Secure,' your company's IoT security solution, to be ranked among the Top 3 "Security Platforms of the Year" by Compass Intelligence.

In sum, across the board, I see our people engaged with our customers and working closely with them to solve their business problems efficiently. We continue to work closely with key stakeholders of our customer organization so that we have a common understanding of how they see Digital Trust enabling their business to have a competitive advantage. We will continue to engage with our customers towards being their partner of choice in enabling Digital Trust for their business.

### Outlook for FY 2020-21

We exited FY 19-20 with a robust fourth quarter and healthy Cash balances.

For FY 20-21, we will continue to focus on being a global leader in digital trust by following our three horizon strategy. We look to grow our core business in Horizon 1 and continue to focus on Horizon 2 areas, i.e., IoT Security and ROC Insights, to gain traction and momentum in the market. At the same time, we continue to invest in new products like CrunchMetrics and IDcentral as part of our Horizon 3 areas.

However, we are watching the situation very closely on how different geographies, markets, and customers respond to the ongoing COVID-19 pandemic. Since these are unprecedented times and the environment is very dynamic, we will continue to keep you updated as to how we see our business evolving in FY 20-21.

We also are utilizing the relatively lower business activity currently to upskill and train our Subexians so that we can take our products to market faster, as the business activity picks up in the post COVID-19 world.

Our success has been possible due to the outstanding efforts of our Finance and Procurement team at Subex that I am so proud to lead. They continuously challenge themselves to innovate and deliver the best results for all our stakeholders. I thank our Subexians, Clients, Investors, Shareholders Bankers and Advisors for their trust and support to us and gratefully acknowledge their contribution in working towards our vision of being a global leader in Digital Trust.



## THE FUTURE IS HERE

A conversation with

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

The development of digital infrastructure is accelerating, and telecom operators are at the heart of this revolution. While 4G is here to stay for some more years, we have already seen the launch of 5G networks. 5G is also referred to as “Enterprise G” and most telecom operators forecast an increasing shift of their revenue from consumer to enterprise business in the coming years. As per industry leaders, there is business opportunity worth \$2 Trillion up for grabs for operators who cater to the enterprise sector.

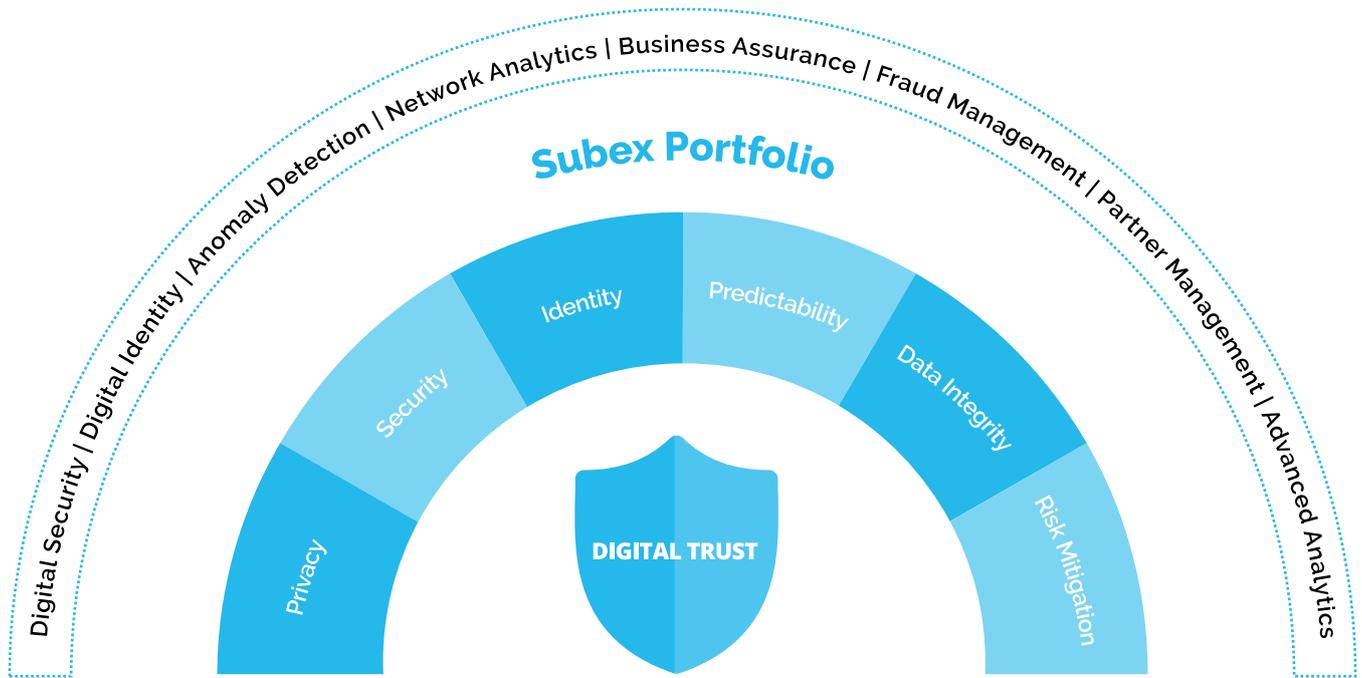
The initial 5G use cases were focused on exploiting enhanced Mobile Broadband (eMBB), Fixed Wireless Access (FWA) capabilities to provide enhanced indoor and outdoor broadband for industries, and to support AR and VR use cases for factory automation. In the case of the consumer segment, the use cases are focused on real-time gaming, UHD video streaming, and smart homes.

To meet the initial industrial demand last year, we have seen private 4G and 5G networks grow at more than 30% year on year. The private 5G network is expected to grow around 20% CAGR over the next 5 years.

5G use cases will evolve over the next several years to exploit its ultra-reliable low latency communications (URLLC) capabilities. We see the rise of the smart grids, factory automation and autonomous transportation each requiring critical communications capabilities. There will also be shift of intelligence from cloud closer to action or the edge.

### Impact of COVID-19

In the aftermath of COVID-19, most industries have seen a significant disruption. However, telecommunications industry has largely managed to buck the trend. Here are four key trends which impact Subex’s customers



1. Intensification of digital transformation. This has resulted in an increasing demand for telecom services.
2. Big thrust on automation and transformation of labour-intensive industries. Industrial Robotics/AR/VR to run factories are taking the centre stage. This has increased the demand for high bandwidth critical communication network capability.
3. COVID-19 has also proven to be a point of inflection for telemedicine, remote education technology and remote collaboration capabilities. Every industry relies on a solid communications backbone.
4. Digital services are seeing increased levels of competition. Those offering superior customer experience are set to win the race. Leveraging "hot data" for agility in decision making is the key to success.
5. Unfortunately, increased digitalisation has also come with an increase in cybersecurity risks, fraud risks, issues of credibility, and transparency. To succeed in an all-digital world, leaders have already started to bring digital trust at the centre of their business strategy.

**Our product portfolio**

We, at Subex, believe that risk management is fundamental to building digital trust. For over 2 decades we have helped telecom operators

manage risk through our portfolio of solutions

Each of our offerings today extensively leverages Artificial Intelligence. Subex's AI Labs has made a significant impact across our portfolio by leveraging cutting edge AI research and making research output accessible to our customers.

**I am pleased to present the key highlights of our portfolio:**

- Subex's Network Capacity Management solution helps 4G and 5G operators deliver exceptional customer experience through smart network investment planning.
- Subex's ROC Partner Management solution enables telecom operators to collaborate with their partners in offering winning digital services. The solution is blockchain enabled and helps build digital trust through transparency between partners.
- Subex continues to be a world leader in business assurance. Our Revenue Assurance solution helps CSPs enhance CX, minimize risk, manage margins, and get business insights true business assurance.
- Our 360-degree Fraud Management solution uses AI to protect operator's voice and SMS

services, data services, and new-age digital services from consumer fraud, partner fraud, and internal fraud.

- Our ROC Network Asset Management solution helps operators optimize network asset investments and achieve vendor contract adherence through AI-driven contract digitalization.
- CrunchMetrics is a streaming data analytics solution which leverages a unique combination of proprietary anomaly detection, multivariate analysis and auto-clustering analysis capabilities for extremely low latency and automated real-time operational decision making
- Subex's IDCentral, is a privacy-first, consent driven complete cloud platform for ID verification, ID scoring, and ID repository.

As you can see Subex's portfolio comprises a broad range of products designed to help businesses manage risk and build digital trust.

As we grow, we will continue to invest in new technologies, capabilities, and partnerships to deliver winning risk intelligence products. By leveraging emerging technologies, and driving product innovation, we will continue to build impactful solutions to help our customers succeed.



## THE PROVEN IoT AND OT SECURITY PARTNER

A conversation with

**Kiran Zachariah, Head of IoT Security**

sector, considering the IoT market is continuously maturing and expanding, bringing the need to grow and scale the product's capabilities. We have also redesigned the user interface to make it much more intuitive, and the initial feedback from our customers has been extremely positive.

The underpinning factor around our commercial successes has been the research that we do around digital security. Our honeypot labs continue to yield high-quality intelligence. We have expanded the infrastructure to maintain our leadership. We continue to have a more robust threat intel than the competition, and we will continue to make strategic investments in our research and development capabilities.

Some critical partnerships around 5G security are in the works because of our referenceable installations. While the COVID-19 situation has slowed 5G adoption, we are well-positioned to ride the growth when the technology does become mainstream. Our technical ability to handle specific use cases and the experience we bring towards monetization models around IoT, healthcare, connected cars, and other sectors driving 5G adoption, are the key reasons for integrators to choose us as the partner of choice.

There has been substantial consolidation of our competition. Many of our competitors have been acquired by larger organizations. While this validates our market positioning and our overall strategy, it also forces us to reevaluate our go-to-market strategy. This year, our focus will be on increasing our channels and other distribution avenues to maintain our market leadership this year effectively.

All initial market reports point to a slow down in IoT adoption and digitization. To counter this potential slowdown, we have pivoted to secure underserved sectors such as manufacturing and critical infrastructure. Initial forays into these sectors have been very promising. We remain incredibly positive to continue growing the business this year, with growth rates exceeding the previous ones. Even in these extenuating circumstances, we continue to strive to deliver exponential growth for our company and specifically to our shareholders.

This year has been a seminal one for Subex, as we continue to expand our footprint in the digital security space. The highlight for the year has been substantial victories in the manufacturing and connected car segments. We have also increased focus within our home base, through our foray into the Indian market towards both the enterprise and government sectors.

Many of our recent wins were against stiff, well-known competition; in some cases, many times larger than us. The ability to provide unique solutions while catering to specific customer needs and the uniqueness of our threat intelligence platforms were the key differentiators that helped us prevail over these behemoths.

Our telco security product, which augments the traditional fraud solution, has had substantial uptake, and we see a strong pipeline for the product, especially around Voice and SMS monitoring. Regulations in key geographies have created opportunities that did not exist earlier and drove the majority of the uptake around this product line.

We launched a new version of our flagship product Subex Secure, with enhanced capabilities around managing large volumes of traffic in the order of terabits per second. This capability is a crucial need in the

# SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide 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 list of activities undertaken by the SCT have been stated below and under Annexure G to the Board's Report.

## Activities covered during the year

Below are the activities, the SCT has undertaken during the year.



### Go Green initiative

- Conducted tree plantation drive and distributed saplings to Subexians.
- Initiative to set-up kitchen garden for a school run for destitute boys enabling them to have fresh produce in their own backyard.



### Kerala & Coorg Floods

- Contribution towards the reconstruction of classrooms at the St. Mary's Higher Secondary School based in Champakalum, Alappuzha, Kerala which was affected by the Kerala floods.
- Donations and relief materials contributed by Subexians were supplied to the people affected by the floods in Karnataka & Kerala in August 2019.



### Health & Education

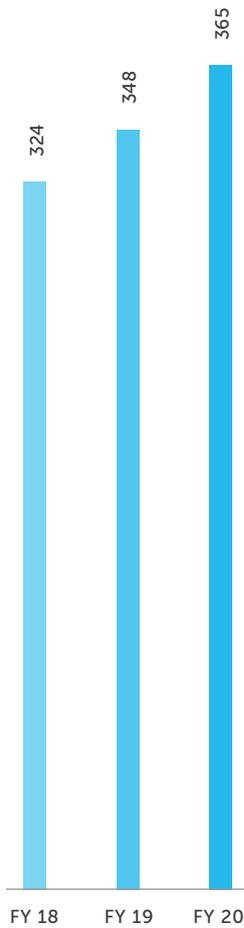
- Sponsored a sanitary napkin incinerator to Govt high school for girls. Subexians also volunteered to create awareness on health and sanitation.
- Has conducted a general health check-up camp for the support staff of the Company, with more than 75 support staff members participating in the same.
- Rotary Blood donation event.
- Sponsored the roofing of old classrooms at the Tarihal Govt. School located in a remote village near Belgaum, Karnataka.



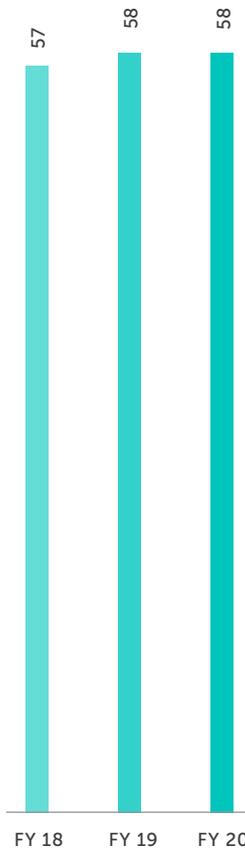
### COVID-19 Pandemic

- Supporting the Samarthanam Trust for the disabled, by donating 50 testing kits to them.
- Supporting Rotary TTK by contributing towards the procurement of 30 Personal Protective Equipments (PPEs) Kits for doctors and nurses involved in treating patients who have tested by positive for the virus.

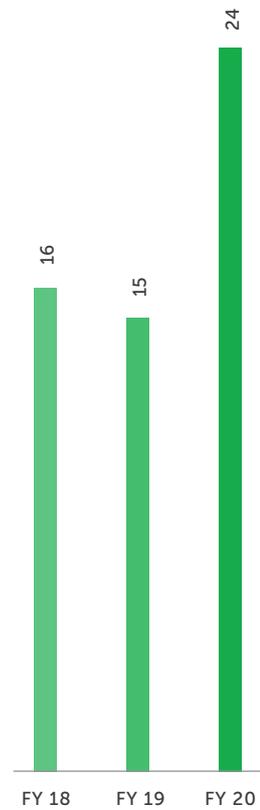
## FINANCIAL HIGHLIGHTS



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



**VENKATRAMAN G S**  
Chief Financial Officer



**MOHAN SITHARAM**  
Chief Human Resources Officer



**ROHIT MAHESHWARI**  
Head of Strategy & Products



**KIRAN ZACHARIAH**  
Head of IoT Security



**SURAJ BALACHANDRAN**  
Head of Sales – EMEA & APAC



**VENKATESH KRISHNAN**  
RVP - North America



**BHAVNA SINGH**  
General Counsel

## BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 26<sup>th</sup> Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2020.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2020 is summarized as below:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	36,498	34,812	1,079	1,916
Share of Profit/ (Loss) before exceptional items, net	-	-	1,889	(1,600)
Other Income	563	101	202	10
Finance Cost	564	216	32	4
Profit/ (Loss) before exceptional items and tax expense	7,996	4,708	891	(2,455)
Exceptional Items	(31,766)	-	(21,361)	-
Profit/ (Loss) before tax	(23,770)	4,708	(20,470)	(2,455)
Tax expenses	3,145	2,186	118	(2)
Profit/ (Loss) after tax	(26,915)	2,522	(20,588)	(2,453)
Other comprehensive income	(29)	(428)	(21)	(3)
a) to be reclassified to profit or loss in subsequent periods	5	(390)	-	-
b) not to be reclassified to profit or loss in subsequent periods	(34)	(38)	(21)	(3)
Total comprehensive income for the year	(26,944)	2,094	(20,609)	(2,456)

### 2. OVERVIEW AND RESULTS OF OPERATIONS

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock-downs, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures.

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 used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of its assets. The impact of the global health 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.

During the financial year ended March 31, 2020, the total revenue on a standalone basis was ₹ 1,079 lakhs as against the revenue for the previous year which was ₹ 1,916 lakhs. The Company has during the year under review incurred a loss of ₹ 20,588 lakhs as against a loss of ₹ 2,453 lakhs in the previous year.

On a consolidated basis, the total revenue stood at ₹ 36,498

lakhs as against ₹ 34,812 lakhs during the previous year. The loss incurred for the financial year 2019-20 is ₹ 26,915 lakhs as against a profit of ₹ 2,522 lakhs in the previous year.

### 3. DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2019-20.

### 4. RESERVES

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation. The total loss of ₹ 26,944 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, 2020, the authorized share capital of the Company was ₹ 5,900,000,000 (Rupees Five hundred and ninety crores only) divided into 588,040,000 (Fifty-eight crores, eighty lakhs and forty thousand only) equity shares of ₹ 10 (Rupees Ten only) each and 200,000 (Two lakhs only) preference shares of ₹ 98 (Rupees Ninety-eight only) each.

As at March 31, 2020, the issued, subscribed and paid-up share capital of the Company was ₹ 5,620,029,350 (Rupees Five hundred and sixty two crores, twenty nine thousand and three hundred and fifty only) divided into 562,002,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹ 10 (Rupees Ten only) each.

## 6. SCHEME OF REDUCTION OF SHARE CAPITAL

The Board of Directors at their meeting held on February 07, 2020, approved the Scheme for Reduction of Capital under Section 66 & Section 52 of the Companies Act, 2013. The Scheme is subject to approval of the shareholders, Hon'ble National Company Law Tribunal ("NCLT"), Bengaluru, and all other regulatory approvals.

Considering the future prospects of growth and value addition to the Company and its Shareholders, it was proposed to re-align the relationship between its capital and assets in accordance with Section 52 & Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules,

2016 and other applicable provisions of the Companies Act, 2013 (to the extent applicable), and subject to the consent of the Shareholders, NCLT and other statutory authorities as and where applicable, by writing-off the accumulated losses of ₹ 3,840,109,702 reflecting in the unaudited financial statements of the Company as on December 31, 2019, against the paid-up share capital and Securities Premium Account balance of the Company, to have a rational structure which is commensurate with its remaining business and assets.

Hence the proposed Scheme which was approved by the Board of Directors of the Company provided for Reduction of equity share capital and securities premium account of the Company in accordance with Section 52 & 66 of the Companies Act, 2013.

The capital structure of the Company pre and post-scheme is reflected in the table below:

Pre-reduction			Post-reduction		
Particulars	No. of shares	Amount (₹)	Particulars	No. of shares	Amount (₹)
<b>Authorised Share Capital</b>					
Equity shares of face value ₹ 10 each	588,040,000	5,880,400,000	Equity shares of face value ₹ 5 each	1,176,080,000	5,880,400,000
Preference shares of face value ₹98 each	200,000	19,600,000	Preference shares of face value ₹ 98 each	200,000	19,600,000
<b>Issued, subscribed, and paid-up Share Capital</b>					
Equity shares of face value ₹10 each	562,002,935	5,620,029,350	Equity shares of face value ₹ 5 each	562,002,935	2,810,014,675

The below table reflects the pre-capital reduction and post-capital reduction balances of Securities premium account and accumulated loss of the Company as at December 31, 2019:

Particulars	Pre-reduction (₹)	Proposed reduction (₹)	Post-reduction (₹)
Securities Premium Account	2,670,428,364	1,030,095,027	1,640,333,337
Profit and Loss (Dr) i.e. Accumulated Losses	3,840,109,702	3,840,109,702	NIL

In terms of the MCA General Circular No 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020, ("MCA Circulars"), in view of the current extraordinary circumstances due to the COVID-19 pandemic requiring social distancing, Companies are 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 requires physical presence of members at a common venue.

Pursuant to Section 110 of the Companies Act, 2013 and the Rules provided thereunder the Company proposed passing of resolutions by Postal Ballot, for obtaining the consent of the shareholders for the Scheme for reduction of Capital.

The MCA clarified that for Companies that are required to provide e-voting facility under the Act, while they are transacting any business(es) only by Postal Ballot upto June 30, 2020 or till further orders, whichever is earlier, the requirements provided in Rule 20 of the Rules as well as the framework provided in the MCA Circulars will be applicable mutatis mutandis. In connection with this, the Company had sent the Postal Ballot

Notice dated May 22, 2020 by email to all its members who have registered their email addresses with the Company or depository/ depository participants and the communication of assent/ dissent of the members took place through remote e-voting system.

The e-voting period for the Postal Ballot commenced on Wednesday, May 27, 2020 from 9.00 a.m. (IST) and ended on Thursday, June 25, 2020 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 <https://www.subex.com/investors/capital-reduction/> for the Postal Ballot notice and the procedure for e-voting.

The Resolution for reduction of the share capital of the Company was approved with requisite majority and the results were displayed on the website of the Company at <https://www.subex.com/investors/capital-reduction/> and

necessary disclosures were made to the Stock Exchanges. Subsequently, the Company has made an application before the Hon'ble National Company Law Tribunal, Bengaluru Bench, Bengaluru, seeking their approval to the Scheme.

## 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. Being truly a global company, it has more than 300 installations across 90+ countries.

During the year, 'Subex Secure' was ranked as the "Top Security Platform of the Year" by Compass Intelligence.

Compass Intelligence, a market acceleration research and consulting firm, awards honor to top companies, products, and technology solutions in mobile, IoT, and emerging technology industries. Subex Secure, the IoT security solution of choice for a range of industries from smart cities, oil and gas plants and critical infrastructure entities to telecom operators and connected cars, and has been at the forefront of IoT security innovation.

## 9. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

As on March 31, 2020, the Company has 10 subsidiaries.

### SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2020, Subex Assurance LLP earned a net income of ₹ 33,006 lakhs as against net income of ₹ 30,144 lakhs in the previous year and a net loss of ₹ 12,930 lakhs (including exceptional loss of ₹ 16,808 lakhs) as against a net profit of ₹ 165 lakhs in the previous year.

As at March 31, 2020, 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, 2020, the Standalone net income of Subex (UK) Limited was ₹ 21,309 lakhs as against ₹ 19,390 lakhs in the previous year, and a net gain of ₹ 1,113 lakhs as against ₹ 1,370 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, 2020, the Standalone net income of Subex (Asia Pacific) Pte. Limited was ₹ 3,064 lakhs as against ₹ 3,952 lakhs in the previous year, and a net gain of ₹ 19 lakhs as against a net gain was ₹ 18 lakhs in the previous year.
- Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2020, the Standalone net income of Subex Inc. was ₹ 10,290 lakhs as against ₹ 9,854 lakhs in the previous year, and the net gain of ₹ 1,074 lakhs as against a net gain of ₹ 117 lakhs in the previous year.
- As on March 31, 2020, Subex (UK) Limited holds 8 common shares (7.41%) in the capital of Subex Americas Inc.
- Subex Middle East (FZE) is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2020, the standalone net income of Subex Middle East (FZE) is ₹ 2,433 lakhs as against ₹ 1,391 lakhs in the previous year and net gain of ₹ 15 lakhs as against a net gain of ₹ 60 lakhs in the previous year.
- Subex Bangladesh Private Limited, a wholly owned subsidiary of Subex Assurance LLP was incorporated on February 13, 2020. For the year ended March 31, 2020, the standalone net income of Subex Bangladesh Private Limited is ₹ 382 Lakhs and net gain of ₹ 11 lakhs.

### SUBEX DIGITAL LLP

For the year ended March 31, 2020, Subex Digital LLP earned a net income of ₹ 882 lakhs as against ₹ 438 lakhs in the previous year, and a net loss of ₹ 1,989 lakhs as against ₹ 1,765 lakhs in the previous year.

As at March 31, 2020, Subex Limited held more than 99.99% of the capital in Subex Digital LLP and the balance is held by Subex Assurance LLP.

### SUBEX TECHNOLOGIES LIMITED

Subex Technologies Limited is a wholly owned subsidiary of Subex Limited. For the year ended March 31, 2020, Subex Technologies Limited earned a net loss of ₹ 4 lakhs as against a net loss of ₹ 4 lakhs in the previous year.

### SUBEX AMERICAS INC.

For the year ended March 31, 2020, the standalone net income of Subex Americas Inc. is ₹ 2,459 lakhs as against ₹ 970 lakhs in the previous year, and a net profit was ₹ 664 lakhs as against a net profit of ₹ 96 lakhs in the previous year.

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

As on March 31, 2020, Subex Limited holds 100 common shares (92.59%) in the capital of Subex Americas Inc.

The above-mentioned numbers are as per the audited financial statements of respective 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/>. Owing to the restrictions placed due to COVID-19, members are encouraged to inspect the same, electronically.

## 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

All the schemes endeavor to provide incentives and retain employees who contribute to the growth of the Company. During the year under review, there has been no variation in the terms of ESOP schemes. Additional details have also been disclosed under Note 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) Regulations, 2014 are available on the Company's website at <https://www.subex.com/> (click on investors/announcement-filing/other-intimations).

### a. EMPLOYEE STOCK OPTION PLAN-2005

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

As on March 31, 2020, there are no outstanding options under the Scheme.

### b. 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 and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Board authorized the Nomination & Remuneration Committee or such other person(s) as maybe authorised by the Nomination & Remuneration Committee for the superintendence and administration of the Plan. The ESOP Plan has been implemented through the 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.

The Nomination & Remuneration Committee of the Company in their meeting held on February 07, 2020 granted 12,800,000 options approved under ESOP - 2018 scheme to the eligible employees. Total options granted till March 31, 2020 under the said Plan are 23,450,000.

## 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 number 33 (iv) 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.

Pursuant to the Company's application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI (LODR) Regulations, 2015"), seeking observation letters of the Stock Exchanges on the proposed scheme of Reduction of Share Capital, BSE Ltd (Designated Stock Exchange) and National Stock Exchange of India Ltd issued observation letters dated May 20, 2020 and May 21, 2020, respectively, to the proposed scheme of Reduction, as stated under point 6 of this Report. Pursuant to the provisions of Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and in terms of the Ministry of Corporate Affairs "MCA" General Circular No's 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020, the Notice of Postal Ballot dated May 22, 2020, was made available to all members, through emails only. The period for voting on the Special Resolution pertaining to the Reduction of Share Capital of the Company commenced on May 27, 2020 and ended on June 25, 2020. Apart from the aforesaid, there have been no material changes for the period between end of the financial year 2019-20 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 sustainable corporate growth and long-term value creation for the stakeholders and protection of their interests. It endeavors to meet the growing aspirations of all stakeholders including shareholders, employees and customers and is committed to maintaining the highest level of transparency, accountability, and equity in its operations. It always strives to follow the path of good governance through a broad framework of various processes.

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

#### 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

As per Section 152 of the Companies Act, 2013, at least two-third of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each Annual General Meeting "AGM" of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Vinod Kumar Padmanabhan, Managing Director & CEO, retires by rotation and being eligible, has offered to be re-appointed at the 26<sup>th</sup> AGM.

##### APPOINTMENT/ RE-APPOINTMENT

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on May 13, 2019, appointed Mr. George Zacharias as an Additional Independent Director of the Company, to hold office until the date of the 25<sup>th</sup> AGM. His appointment for a period of five years was approved by the members at the 25<sup>th</sup> AGM of the Company held on July 04, 2019. Mr. George Zacharias has over 30 years of diverse and successful work experience. He has worked at Grindwell Norton, Madura Coats Threads, Madura Garments, Sify Ltd and Yahoo! India. He was also the co-founder and CEO of 7Strata Inc. and Chief Strategy Officer, Mindtree. He has been on the Board of Internet Companies including CricInfo and Refco-Sify Securities. Having served on the Board of several Companies, he was exempted from taking the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs (IICA), as specified under Section 150 of the Companies Act, 2013.

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board,

- a) At its meeting held on February 07, 2020, appointed Mr. Shiva Shankar Naga Roddam as the Whole-Time

Director & Chief Operating Officer for a term of three years, subject to the approval of the members at the 26<sup>th</sup> AGM.

- b) At its meeting held on February 07, 2020, approved the re-appointment of Ms. Nisha Dutt as an Independent Directors for a further period of 5 years with effect from March 25, 2020. Her re-appointment is being placed before the members for their approval, at the 26<sup>th</sup> AGM.
- c) At its meeting held on May 11, 2020, approved the re-appointment of Mr. Anil Singhvi, in the capacity of a Non-Executive & Non-Independent Director with effect from June 18, 2020. His re-appointment is being placed before the members for their approval, at the 26<sup>th</sup> AGM. Mr. Singhvi will continue as the Chairman of the Company, in the capacity of a Non-Executive & Non-Independent Director.

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

#### 17. BOARD MEETINGS

During the year, six 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
1/2019-20	May 13, 2019
2/2019-20	August 12, 2019
3/2019-20	October 11, 2019
4/2019-20	November 08, 2019
5/2019-20	January 06, 2020
6/2019-20	February 07, 2020

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 February 07, 2020 carried out an annual performance evaluation of its own performance, Chairman and the Directors individually, as well as the evaluation of the working of its committees. The manner of evaluation has been explained in the Report on Corporate Governance.

#### 19. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION POLICY OF THE COMPANY

The Policy on Appointment of Directors and the Remuneration Policy of the Company has been uploaded on the website of the Company <https://www.subex.com/investors/shareholder-services/>. The Details/Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is enclosed herewith as "Annexure F".

## 20. AUDIT COMMITTEE

As on March 31, 2020, the Audit Committee consisted of 5 (five) Directors as its members.

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

\* Mr. George Zacharias was inducted into the Committee w.e.f February 07, 2020.

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 thereon. Further details of the Audit Committee, including its reconstitution, post the re-appointment of Mr. Anil Singhvi as a Non-Executive & Non-Independent Director, have been provided in the report on Corporate Governance.

## 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 ensuing 26<sup>th</sup> AGM to be held on September 25, 2020, upto the conclusion of the 31<sup>st</sup> AGM.

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, 2020 does not contain any qualifications, reservations, or adverse remarks.

## 22. PARTICULARS OF EMPLOYEES

The particulars of employees required under Section 197 of the

Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been provided as none of the employees of the Company, draw remuneration in accordance with the limits prescribed under the said Rules. Hence the details of the top 10 (ten) employees under the said Rules have not been stated.

## 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 scarce resources and minimize waste.

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

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

Subex aims to reduce its impact on the environment by:

- i. Monitoring the level of water and energy used along with the waste produced.
- ii. Targeting a reduction in the use of water and energy reduction in waste along with an increase in amount of waste that is recycled/ reused etc.
- iii. Increasing the awareness on environment safety and engagement of employees.
- iv. Adopting sustainable practices designed to ensure the health and safety of Subex's employees, stakeholders, and the environment.
- v. Operating its business in compliance of environmental laws and regulations.

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

Subex is one of the first Product companies from India and is the first Product company from India in the Telecom domain.

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.

## 26. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2019-20, total foreign exchange inflow and outflow of the Company is as follows:

- i) Foreign Exchange earnings ₹ 1,082 lakhs (Previous Year ₹ 2,178 lakhs)
- ii) Foreign Exchange outgo ₹ 366 lakhs (Previous Year ₹ 678 lakhs)

## 27. CORPORATE SOCIAL RESPONSIBILITY

To enable contribution to society and other stakeholders, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2020:

Composition	Category
Mr. Anil Singhvi (Chairman)	Independent Director
Mr. Vinod Kumar Padmanabhan	Managing Director & CEO
Ms. Nisha Dutt	Independent Director
Mr. Shiva Shankar Naga Roddam <sup>^</sup>	Whole-Time Director & COO

<sup>^</sup>Mr. Shiva Shankar Naga Roddam was inducted into the Committee w.e.f February 07, 2020.

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

Particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in "Annexure G" to the Board's 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

Subex Charitable Trust ("SCT") extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. The details of the activities conducted during the year, have been provided in a separate section in this Annual Report as "Annexure G "

## 28. RISK MANAGEMENT POLICY & IMPLEMENTATION

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

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

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

Subex is certified for ISO 9001:2015 (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 continued to focus on reviews and updates on processes thereby aligning the projects to the current organization structure. Identification and Involvement of process owners to review processes and make it relevant and align it to the organization. Some of the requirements which were specific to customer were customised, with audits conducted for some of the accounts.

### 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 was 1 (one) complaint received during the year 2019-20 and the same was investigated and resolved within the timelines stipulated under the policy.

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

### 33. DECLARATION FROM INDEPENDENT DIRECTORS

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

### 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

During the year, the Company entered into settlement agreements with the former MD & CEO and former COO of the Company in respect of long drawn litigations wherein certain claims were made against the Company. The Company had also made counter claims on the ex-Directors including recovery of excess managerial remuneration and other advances. The Company contested these litigations vigorously during the arbitrations and filed challenge petitions against the Arbitration Awards before the Hon'ble City Civil Courts. As the litigations were ongoing for a period of more than six years and keeping in view the mounting litigation costs, accumulating interest charges (on the Arbitrations Awards) and management bandwidth spent on this matter, the Company consented to settle and conclude the ongoing litigations. In terms of the settlement agreements, the Company paid an amount of ₹ 820 lakhs (net of ₹ 234 lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation was amicably settled. Apart from the aforesaid, there were no significant and material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

### 36. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT-9 required under Section 92 (3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is

enclosed as "Annexure D" and shall be placed, along with the Annual Return, on the Company's website <https://www.subex.com/investors/shareholder-services/>.

### 37. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2019-20 to the Exchanges' where the Company's shares are listed i.e. the National Stock Exchange of India Ltd ('NSE') and BSE Ltd ('BSE').

### 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, 2020, 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, 2020 and of the loss of the Company for the year ended on that date;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) That the accounts for the year ended March 31, 2020 have been prepared on a going concern basis;
- e) That internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively;
- f) That systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively;

### 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, 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 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

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589  
Place: Mumbai  
August 10, 2020.

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872  
Place: Bengaluru  
August 10, 2020.

## ANNEXURE A

## Information as at March 31, 2020 pertaining to the Employee Stock Option Schemes of the Company

Sl. No	Particulars	ESOP 2005	ESOP 2018
1	Options granted as on March 31, 2020	5,838,918	23,450,000
	Options granted during the year	-	12,800,000
2	Options vested but not exercised as on March 31, 2020	-	4,900,000
3	Options vested during the year		5,325,000
	Options exercised as on March 31, 2020	12,439	425,000
	Options exercised during the year	-	425,000
4	No. of shares arising as a result of exercise of options during the year ended March 31, 2020	-	NIL#
5	Exercise Price	₹ 10.26- ₹ 24.99	₹ 6
6	Variation of terms of options	None	None
7	Money realized by exercise of options during the year	-	₹ 2,550,000
8	Total number of options in force	-	21,975,000
9	Options lapsed/cancelled/ surrendered as on March 31, 2020	5,826,479	1,050,000
	Options lapsed/cancelled/ surrendered during the year**	6,125	1,050,000
10	Employee wise details of options granted during the year under review to:	-	Vinod Kumar Padmanabhan- MD & CEO*-800,000
	(i) Key managerial personnel	-	Venkatraman G S -CFO-350,000
		-	G V Krishnakanth- CS-50,000
		-	Shiva Shankar Naga Roddam-WTD & COO^- 600,000
	(ii) other employee receiving a grant in the year of option amounting to 5% or more of options granted during that year	-	Venkatesh Krishnan- 750,000
	(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'	₹ (3.78)	₹ (3.78)
12	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company is:	N.A	N.A
13	Weighted-average exercise prices and weighted-average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. (As per note 34 of the Standalone financials)	-	₹ 6

Sl. No	Particulars	ESOP 2005	ESOP 2018
14	Description of the method used during the year to estimate the fair values of options, including the following weighted-average information:	N.A.	Black Scholes Model
	i. risk-free interest rate		6.70%
	ii. expected life		2 years
	iii. expected volatility		41%
	iv. expected dividends		0%
	v. market price on grant date		₹ 6

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

^Stock options granted to Mr. Shiva Shankar Naga Roddam, as an employee of Subex Assurance LLP.

\*\*In accordance with the provisions of the ESOP Schemes 2005 & 2018, lapsed options are reissued.

# There are no fresh equity shares arising as a result of exercise of options during the year ended March 31, 2020. Shares were transferred from the ESOP Trust against the exercise of options.

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589  
Place: Mumbai  
August 10, 2020.

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872  
Place: Bengaluru  
August 10, 2020.

**ANNEXURE B****CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To,

Members of Subex Limited

We have examined the compliance of conditions of Corporate Governance by Subex Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27, 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, 2019 to March 31, 2020. 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 subject to our observation that pursuant to Regulation 17(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there was a delay in appointing the 6th Director on the Board of the Company. The Company has appointed the 6th Director with effect from 7th February 2020.

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: F007834B000574279

Date: August 10, 2020

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, 2020

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, 2020 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. The Company has not made any External Commercial Borrowings during the audit period;
- 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;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not Applicable to the Company during the Audit Period**); and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)
- vi) Other Laws Applicable Specifically to the Company namely:
  - (a) Information Technology Act, 2000 and the rules made thereunder
  - (b) Special Economic Zones Act, 2005 and the rules made thereunder
  - (c) Copy Right Act, 1957

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

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

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

- a. Pursuant to the provisions of sub-rule (4A) of rule 5 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Form No. IEPF-1A is yet to be filed by the Company.
- b. Pursuant to Regulation 17(1)(c) of LODR, there was a delay in appointing the 6<sup>th</sup> Director on the Board of the Company. The Company has appointed 6<sup>th</sup> Director w.e.f 07.02.2020.

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

#### **WE FURTHER REPORT THAT:**

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

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

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

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

#### **We further report that during the period under review:**

- a. The Company had received emails from The Securities and Exchange Board of India (SEBI) on January 28, 2020 and February 18, 2020 relating to the compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company had replied vide letters dated January 30, 2020 and February 26, 2020 and awaiting further communication from SEBI.
- b. The Company had filed application before the Registrar of Companies, Karnataka for adjudication of delay in appointment of whole-time company secretary pursuant to the provisions of Sub-section (1) of Section 203 of the Companies Act, 2013 on October 09, 2019. The Company is waiting for the hearing date from the Registrar of Companies, Karnataka.
- c. The Company had received notice from the IEPF authority dated May 20, 2019, relating to transfer of shares pursuant to the provisions of sub-section (6) of Section 124 of the Companies Act, 2013 and for non-filing of Form No. IEPF 4 for the dividends declared by the Company till financial year 2006-07. The Company has sent reply letter dated June 28, 2019 to the IEPF Authority.

The Company has sought certain clarifications from IEPF authorities for complying with section (6) of Section 124 of the Companies Act, 2013 and awaiting for further communication from them.

The following event / action was having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

The Board of Directors of the Company has approved the Scheme for Reduction of Share Capital during the audit period. The detailed information is available on the Company's website under the weblink at <https://www.subex.com/investors/capital-reduction/>

#### **For V. SREEDHARAN & ASSOCIATES**

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

UDIN Number F007260B000224213

Bengaluru

May 11, 2020

This report is to be read with our letter of even date which is annexed as 'Annexure 1' and forms an integral part of this report.

**'Annexure -1'**

To,

The Members

**Subex Limited,**

RMZ Ecoworld Outer Ring Road,

Devarabisanahalli,

Bengaluru - 560103

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.

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

UDIN Number F007260B000224213

Bengaluru

May 11, 2020

## SECRETARIAL COMPLIANCE REPORT OF SUBEX LIMITED FOR THE YEAR ENDED MARCH 31, 2020

We have examined:

- all the documents and records made available to us and explanation provided by Subex Limited ("the listed entity");
- the filings/ submissions made by the listed entity to the stock exchanges;
- website of the listed entity;
- any other document/ filing, as may be relevant, which has been relied upon to make this certification;

### For the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

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

- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not Applicable to the Company during the Review Period**);
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Review Period**);
- The 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**);
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder subject to the reporting made under point no. (c) below;
- 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.
- The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

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	The NSE has been sending communications to the Company to appoint the 6th Director on a quarterly basis from the 1st quarter of FY 2019-20 and the NSE vide its notice dated February 03, 2020 asked the Company to pay the fine of ₹ 5,42,800/- for the delay in appointing the 6th Director on the Board	The 6 <sup>th</sup> Director was appointed by the Company w.e.f 07.02.2020, whereas Pursuant to Regulation 17(1)(c) of LODR, the board of directors of the top 1000 listed entities comprise of not less than six directors w.e.f 01.04.2019	The NSE vide its notice dated February 03, 2020 asked the Company to pay the fine of ₹ 5,42,800/- for the delay in appointing the 6 <sup>th</sup> Director on the Board	The Company had replied to all the communications of NSE saying that they were scouting appropriate profiles of persons who could be appointed as the 6 <sup>th</sup> Director on the Board of the Company.  The Company has again sent its reply against NSE's notice dt. 03.02.2020 vide letter dated February 05, 2020 and requested the NSE to waive the fine amount and waiting further communication from NSE.

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
2	The Company had received emails from The Securities and Exchange Board of India (SEBI) on January 28, 2020 and February 18, 2020 relating to the compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015	Mr. Subhash Menon, one of the Promoters of Subex Limited, had executed contra trades in the scrip of Subex Limited, which is in contravention of Clause 10 of the Code of Conduct specified under Schedule B of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Mr. Subhash Menon, by executing such contra trades earned a profit of ₹ 24,81,074/-	The Company is advised to disgorge the said profit of ₹ 24,81,074/- earned by Mr. Subhash Menon, through execution of contra trades, and remit the same to SEBI, for credit to the Investor Protection and Education Fund (IPEF) administered by the Board, within 10 days of email dt. 28.01.2020	The Company had informed Mr. Subhash Menon regarding communication received from the SEBI for his necessary action.  The Company had also replied to SEBI vide letters dated January 30, 2020 and February 26, 2020 and awaiting further communication from SEBI

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

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended.	Actions taken by the listed entity if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	The provisions of Section 203 of the Companies Act, 2013 has not been complied w.r.t appointment of Whole Time Company Secretary (the Company has a company secretary who has been appointed as an acting Company Secretary but not as a Key Managerial Personnel).	Not Applicable	The Company has appointed Mr. G. V. Krishnanth as a Whole Time Company Secretary under the provisions of Section 203 of the Companies Act, 2013 w.e.f 10.07.2018 and filed the application before the Registrar of Companies, Karnataka for adjudication during the FY 2019-20	For the period of non-compliance, the Company has filed the application before the Registrar of Companies, Karnataka and awaiting the hearing date from the Registrar of Companies, Karnataka

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)

Partner

FCS: 7260; CP No. 7835

UDIN Number F007260B000224312

Bengaluru

May 11, 2020

## ANNEXURE D

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended 31<sup>st</sup> March 2020

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

## I. REGISTRATION AND OTHER DETAILS

i)	CIN	L85110KA1994PLC016663
ii)	Registration Date	December 06, 1994
iii)	Name of the Company	Subex Limited
iv)	Category / Sub Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru-560103
vi)	Whether listed Company (Yes / No)	Yes, on the National Stock Exchange of India Ltd and BSE Ltd
vii)	Name, Address and Contact details of Registrar & Transfer Agent, if any	Canbank Computer Services Limited* J P Royale, 1st Floor, No.218 2nd Main, Sampige Road (Near 14th Cross), Malleswaram Bengaluru – 560 003 Contact No. 080-23469661/662/664/665

\* The change in Registrar &amp; Transfer Agents from Canbank Computer Services Limited to Kfin Technologies Private Limited took effect from July 24, 2020.

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1.	License, Implementation and customization	-	38
2.	Managed services	-	23
3.	Support services	-	39

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares/ capital held*	Applicable Section
1.	Subex Technologies Limited, India	U74140KA2005PLC035905	Subsidiary	100.00	2 (87)
2.	Subex Assurance LLP, India	AAJ-0729	Subsidiary	100.00	2 (87)
3.	Subex Digital LLP, India	AAJ-0728	Subsidiary	100.00	2 (87)
4.	Subex Americas Inc., Canada	Foreign Company	Subsidiary	100.00	2 (87)
5.	Subex (UK) Limited, England	Foreign Company	Subsidiary	100.00	2 (87)
6.	Subex Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
7.	Subex (Asia Pacific) Pte Limited, Singapore	Foreign Company	Subsidiary	100.00	2 (87)
8.	Subex Azure Holdings Inc., USA	Foreign Company	Subsidiary	100.00	2 (87)
9.	Subex Middle East (FZE), UAE	Foreign Company	Subsidiary	100.00	2 (87)
10.	Subex Bangladesh Private Limited, Bangladesh	Foreign Company	Subsidiary	100.00	2 (87)

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

## IV. SHARE HOLDING PATTERN \*(Equity Share Capital Breakup as a percentage of Total Equity)

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4,74,044	-	4,74,044	0.08	-	-	-	-	(0.08)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>4,74,044</b>	<b>-</b>	<b>4,74,044</b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.08)</b>
<b>(2) Foreign</b>									
(a)NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b)Other – Individuals	-	-	-	-	-	-	-	-	-
(c)Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)Banks/FI	-	-	-	-	-	-	-	-	-
(e)Any other.	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4,74,044</b>	<b>-</b>	<b>4,74,044</b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.08)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	14,62,082	-	14,62,082	0.26	32,76,389	-	32,76,389	0.59	0.33
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	78,764	-	78,764	0.01	78,764	-	78,764	0.01	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>15,40,846</b>	<b>-</b>	<b>15,40,846</b>	<b>0.27</b>	<b>33,55,153</b>	<b>-</b>	<b>33,55,153</b>	<b>0.60</b>	<b>0.33</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	11,51,35,575	400	11,51,35,975	20.50	8,82,73,090	465	8,82,73,555	15.71	(4.79)
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	12,17,77,651	41,227	12,18,18,878	21.68	10,85,57,274	41,163	10,85,98,437	19.32	(2.36)

ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	26,49,70,321	-	26,49,70,321	47.15	28,89,05,286	-	28,89,05,286	51.41	4.26
<b>c) Others (specify)</b>									
Trusts	3,91,300	-	3,91,300	0.07	3,53,300	-	3,53,300	0.06	(0.01)
Director & their relatives	79,095	-	79,095	0.01	5,29,095	-	5,29,095	0.10	0.09
Foreign Nationals	81,194	-	81,194	0.01	81,194	-	81,194	0.01	-
Escrow Account	-	-	-	-	-	-	-	-	-
Market Maker	-	-	-	-	-	-	-	-	-
Non-Resident Indians	1,21,01,827	-	1,21,01,827	2.15	1,25,09,153	-	1,25,09,153	2.23	0.08
OCBs	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
Clearing Members	12,06,890	-	12,06,890	0.21	21,40,098	-	21,40,098	0.38	0.17
shares in transit	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	2,79,56,782	-	2,79,56,782	4.98	2,84,98,741	-	2,84,98,741	5.07	0.09
NRI/OCBs	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	39,48,118	-	39,48,118	0.70	54,16,874	-	54,16,874	0.97	0.27
Partnership Firms	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Collaborators	-	-	-	-	-	-	-	-	-
ESOPs/ESOS/ESPS Employee shareholders	8,54,436	22	8,54,458	0.15	11,23,821	21	11,23,842	0.20	0.05
<b>Sub-Total(B)(2)</b>	<b>54,85,03,189</b>	<b>41,649</b>	<b>54,85,44,838</b>	<b>97.61</b>	<b>53,63,87,926</b>	<b>41,649</b>	<b>53,64,29,575</b>	<b>95.46</b>	<b>(2.15)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>55,00,44,035</b>	<b>41,649</b>	<b>55,00,85,684</b>	<b>97.88</b>	<b>53,97,43,079</b>	<b>41,649</b>	<b>53,97,84,728</b>	<b>96.05</b>	<b>(1.83)</b>
<b>C. Shares held by</b>									
Custodian for GDRs & ADRs	2,43,207	-	2,43,207	0.04	2,43,207	-	2,43,207	0.04	-
Employee Benefit Trust [under the SEBI (Share Based Employee Benefits) Regulations, 2014]#	1,12,00,000	-	1,12,00,000	1.99	2,19,75,000	-	2,19,75,000	3.91	1.92
<b>Grand Total (A+B+C)</b>	<b>56,19,61,286</b>	<b>41,649</b>	<b>56,20,02,935</b>	<b>100</b>	<b>56,19,61,286</b>	<b>41,649</b>	<b>56,20,02,935</b>	<b>100</b>	<b>-</b>

\*As per the records of the RTA.

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

#### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Kivar Holdings Private Limited	Nil	0.00	NA	Nil	0.00	NA	-
2.	Subash Menon	1,01,801	0.02	0	Nil	0.00	NA	(0.02)
3.	Sudeesh Yezhuvath	3,72,243	0.06	0	Nil	0.00	NA	(0.06)

## (iii) Change in Promoters' Shareholding

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Kivar Holdings Private Limited	Nil	0.00		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc): NA			-	NA
2.	Subash Menon	1,01,801	0.02		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc)				
a.	Sale of 1,01,801 shares on May 23, 2019			1,01,801	0.02
3.	Sudeesh Yezhuvath	3,72,243	0.06		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc)			3,72,243	0.06
a.	Sale of 2,000 shares on May 21, 2019			3,70,243	0.06
b.	Sale of 2,00,000 shares on May 22, 2019			1,70,243	0.03
c.	Sale of 1,70,243 shares on May 24, 2019			Nil	NA
	At the End of the year				
1.	Kivar Holdings Private Limited			Nil	NA
2.	Subash Menon			Nil	NA
3.	Sudeesh Yezhuvath			Nil	NA

## (iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and holders of GDRs and ADRs)

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Subex Employee Welfare and ESOP Benefit Trust represented by Trustees- Niveditha Lalge R & Prashanth Nayak M	1,12,00,000	2.00	2,19,75,000	3.91
2.	Stock Holding Corporation of India Ltd - A/C NSE Derivatives	66,70,042	1.19	1,75,69,946	3.13
3.	Edelweiss Custodial Services Limited	52,49,443	0.93	99,84,412	1.78
4.	Joseph Jivanayakam Daniel	NIL	NA	92,00,000	1.64
5.	Rajesh Goenka	30,00,000	0.53	85,00,000	1.51
6.	UNO Metals Ltd	1,94,12,000	3.45	85,00,000	1.51
7.	Anagha Advisors LLP	44,50,000	0.79	77,69,543	1.38
8.	AKG Finvest Ltd	1,85,60,000	3.30	67,22,000	1.20
9.	Shailesh V Haribhakti	NIL	NA	57,89,000	1.03
10.	Ashok Kumar Goenka	20,00,000	0.36	56,00,000	1.00

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl No.	For Each of the Directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>At the beginning of the year</b>				
1.	Anil Singhvi	60,000	0.01	NIL	N.A
2.	Nisha Dutt	NIL	N.A.	NIL	N.A
3.	Poornima Prabhu	NIL	N.A.	NIL	N.A
4.	Vinod Kumar Padmanabhan	19,095	0.01	4,25,000	0.08
5.	George Zacharias (appointed as Independent Director w.e.f. May 13, 2019)	N.A.	N.A	NIL	N.A
6.	Shiva Shankar Naga Roddam (appointed as Whole-Time Director & COO w.e.f. February 07, 2020)	N.A.	N.A	25,000	0.01
7.	Venkatraman G S	NIL	N.A	NIL	N.A
8.	G V Krishnakanth	NIL	N.A	NIL	N.A
	<b>At the end of the year</b>				
1.	Anil Singhvi	60,000	0.01	60,000	0.01
2.	Nisha Dutt	NIL	N.A.	NIL	N.A
3.	Poornima Prabhu	NIL	N.A.	NIL	N.A
4.	Vinod Kumar Padmanabhan	4,44,095	0.08	4,44,095	0.08
5.	George Zacharias	N.A.	N.A	NIL	N.A
6.	Shiva Shankar Naga Roddam	25,000	0.01	25,000	0.01
7.	Venkatraman G S	NIL	N.A	NIL	N.A
8.	G V Krishnakanth	NIL	N.A	NIL	N.A

**V. INDEBTEDNESS**

The Company is debt free as on March 31, 2020.

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

Sl. No	Particulars of Remuneration	Vinod Kumar Padmanabhan Managing Director & CEO	Total Amount
1.	Gross salary	(₹ in Lakhs)	(₹ in Lakhs)
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	56.97	56.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- Others, specify...	-	-
5.	Others, please specify (Flexible Benefit Plan)	-	-
	<b>Total</b>	<b>56.97</b>	<b>56.97</b>
	<b>Ceiling as per the Act</b>	<b>60 Lakhs p.a. as per Section II of Part II of Schedule V of the Act</b>	<b>60 Lakhs.</b>

Note: As Mr. Shiva Shankar Naga Roddam draws his remuneration from Subex Assurance LLP, the details pertaining to the remuneration have not been stated.

## B. Remuneration to other Directors:

(₹ in Lakhs)

SN.	Particulars of Remuneration	Directors				Total Amount
		Anil Singhvi	Nisha Dutt	Poornima Prabhu	George Zacharias	
1	Independent Directors					
	Fee for attending Board/ Committee meetings	19.00	10.00	17.00	4.00	50.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>19.00</b>	<b>10.00</b>	<b>17.00</b>	<b>4.00</b>	<b>50.00</b>
2	Other Non-Executive Directors	NA				
	Fee for attending Board/ Committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	19.00	10.00	17.00	4.00	50.00
	<b>Total Managerial Remuneration</b>	<b>19.00</b>	<b>10.00</b>	<b>17.00</b>	<b>4.00</b>	<b>50.00</b>
	Overall Ceiling as per the Act	₹ 1,00,000 per meeting				

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

## C1.

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Venkatraman G S Chief Financial Officer	G V Krishnakanth Company Secretary & Compliance Officer
1.	Gross salary	(₹ in Lakhs except stock options)	(₹ in Lakhs except stock options)
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	63.05	49.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Options (granted during the year)	3,50,000	50,000
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify (Flexible Benefit Plan)	4.17	-
	Total (1+2+3+4+5)	67.22	49.75
	Ceiling as per the Act	Not Applicable	

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES\*:

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

\*The Company had received a Notice from the Registrar of Companies (ROC), Karnataka, regarding Non-Appointment of Company Secretary for the period from June 15, 2017- July 09, 2018 (resulting in a Delay in appointment by 216 days). The Company has filed an application for adjudication before the ROC, appealing that the delay was purely by inadvertence and without any malafide intension.

## 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	<b>A. Sub-Contracting Transactions</b> Subex (Asia Pacific) Pte Ltd Subex Inc. <b>B. Marketing &amp; Allied Services Expense Transactions</b> Subex (Asia Pacific) Pte Ltd Subex Inc. <b>C. Reimbursement of expenses</b> Subex (UK) Limited Subex (Asia Pacific) Pte Ltd Subex Assurance LLP Subex Digital LLP Subex Inc. <b>D. Allocation of Employee Stock option expenses</b> Subex Assurance LLP Subex Digital LLP <b>E. Share of profit/ (loss)</b> Subex Assurance LLP Subex Digital LLP
(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; Allied 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><b>The details pertaining to the value of transactions, form part of the Related Party Schedule to the Standalone Financial Statements. (Note 31)</b></p>
(e) Date(s) of approval by the Board, if any:	May 13, 2019
(f) Amount paid as advances, if any:	NA

Additional Note for Point 2: The Company had granted an interest free loan to the Subex Employee Welfare and ESOP Benefit Trust during the financial year. (Refer Note 31 forming part of the Standalone Financial Statements)

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive & Non-Independent Director  
DIN:00239589  
Place: Mumbai  
August 10, 2020.

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN:06563872  
Place: Bengaluru  
August 10, 2020.

## ANNEXURE F

## Details / Disclosures of Ratio of Remuneration

Particulars	
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Vinod Kumar Padmanabhan (MD & CEO) 3.97 : 1.00 Shiva Shankar Naga Roddam (WTD & COO): Not applicable as Shiva Shankar Naga Roddam draws his remuneration from Subex Assurance LLP.
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	MD & CEO: NIL CFO: NIL CS: 5% WTD & COO: Not applicable as there was no WTD & COO on the Board in 2018-19.
(iii) the percentage increase in the median remuneration of employees in the financial year; *	The median remuneration increased by 37.45%.
(iv) the number of permanent employees on the rolls of Company;	27
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was an average increase of 7.8% in the salaries of employees other than managerial personnel. There was no increase in the remuneration paid to the MD & CEO and the CFO during the period under review. There was an increase of 5% in the remuneration paid to the CS.
(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.

\* The increase in median remuneration is on account of internal movement of employees between the Company and its subsidiaries, Subex Assurance LLP & Subex Digital LLP.

## ANNEXURE G

## 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.

### 1. OBJECTIVE AND SCOPE

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

### 2. CSR COMMITTEE

To enable the Company to take required measures to make a meaningful contribution to society and other stakeholders, it has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as on March 31, 2020.

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

3. Average Net Profit/ (Loss) of the Company for the last three financial years: ₹ (18,604.17) lakhs

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

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year: Not applicable
- b. Amount unspent, if any: Not applicable

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

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

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

7. CSR Responsibility Statement:

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

## SUBEX CHARITABLE TRUST

Subex Charitable Trust (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company. The list of activities undertaken by the SCT have been stated below.

### FOCUS AREA

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

### ACTIVITIES COVERED DURING THE YEAR

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 the following activities during the year.

- a) As part of its 'Go Green' initiative, members of the SCT have conducted tree plantation drives and have also distributed saplings to Subexians. A total amount of ₹ 19,000 has been contributed towards these initiatives.
- b) Another project as part of 'Go Green' initiative was to set-up kitchen garden for a school run for destitute boys enabling them to have fresh produce in their own backyard. A total amount of ₹ 98,500 has also been contributed by the employees of Subex, towards this initiative.
- c) As part of its 'Health & Education' initiative, the SCT:
  - i. Has sponsored a sanitary napkin incinerator in the restroom at a Kannada medium Govt high school for girls and lady Subexians have also help create awareness on health and sanitation. The SCT looks to sponsor more of such units and has received positive feedback from the Management of the school for this endeavour. An amount of ₹ 46,075 has been contributed towards these initiatives.
  - ii. Has conducted a general health check-up camp for the support staff of the Company, with more than 75 support staff members participating in the same.
  - iii. Has organized the Rotary Blood donation event at the Company.
  - iv. Has sponsored ₹ 2,00,000 towards the roofing of old classrooms at the Tarihal Govt. School located at a remote village in Tarihal near Belgaum, Karnataka, to ensure that the school is protected during monsoon.
  - v. Has contributed ₹ 2,50,000 towards the reconstruction of classrooms at the St. Mary's Higher Secondary School based in Champakalum, Alappuzha, Kerala. The school was affected by the floods that struck Kerala in August 2019.
  - vi. Has sponsored the vocational training programmes to the Prerana Resource Centre. The Centre is an organization for visually impaired and disabled orphan teenage girls, aiming to make them self-reliant through these trainings. ₹ 4,20,000 was contributed towards this cause.

Apart from these activities, the SCT ensured that donations and relief materials contributed by Subexians were supplied to the people affected by the floods in Karnataka in August 2019.

In its endeavour to do its part and extend a helping hand to the needy during the COVID-19 pandemic, the SCT has undertaken the following projects:

1. Supporting the Samarthanam Trust for the disabled, by donating 50 testing kits to them.
2. Supporting Rotary TTK by contributing towards the procurement of 30 Personal Protective Equipments (PPEs) Kits for doctors and nurses involved in treating patients who have tested by positive for the virus.

<p><b>For Subex Limited</b></p> <p>Anil Singhvi Chairman CSR Committee DIN:00239589 Place: Mumbai August 10, 2020.</p>	<p><b>For Subex Limited</b></p> <p>Vinod Kumar Padmanabhan Managing Director &amp; CEO DIN:06563872 Place: Bengaluru August 10, 2020.</p>
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# 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 behaviour 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 endeavour 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. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

All details mentioned in this Report are as at March 31, 2020, 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

As on March 31, 2020, the Board of Directors of Subex Limited comprises of six directors out of which two are Executive Directors and four are Independent Directors. The Independent Directors satisfy the criteria of independence specified in the Act and as laid down under Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015. They also meet the criteria for their appointment formulated by the Nomination & Remuneration Committee ("NRC") as approved by the Board.

The Company is listed in top 1000 Companies based on market capitalisation as on March 31, 2019, by the National Stock Exchange of India Limited. In accordance with amendment to Regulation 17(1)(c) of the SEBI (LODR) Regulations, the Board of Directors of the Company shall comprise of six directors with effect from April 01, 2019. In line with the said amendment, the Board at its meeting held on May 13, 2019 appointed Mr. George Zacharias (DIN: 00162570) as Additional Independent Director of the Company to hold office for a period of 5 years subject to the approval of the members at the 25<sup>th</sup> Annual General Meeting. The members at the said Annual General Meeting, appointed Mr. George Zacharias as Independent Director of the Company to hold office for a term of five years from May 13, 2019, not liable to retire by rotation.

### Details of appointments / re-appointments:

- i. Mr. Shiva Shankar Naga Roddam (DIN:07212118) was appointed by the Board of Directors at its meeting held on February 07, 2020 as Whole-Time Director & Chief Operating Officer of the Company for a period of three years subject to the approval of the members at the 26<sup>th</sup> AGM.
- ii. Ms. Nisha Dutt (DIN: 06465957) was re-appointed by the Board of Directors at its meeting held on February 07, 2020 as an Independent Director for a further period of 5 years with effect from March 25, 2020. Her re-appointment is being placed before the members for their approval, at the 26<sup>th</sup> AGM.
- iii. Based on the recommendations of the Nomination & Remuneration Committee, the Board at its meeting held on May 11, 2020 approved the re-appointment of Mr. Anil Singhvi (DIN: 00239589) as Non- Executive and Non-Independent Director of the Company with effect from June 18, 2020 and the same is being placed before the members for their approval of the members at the 26<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, 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 Board of Directors and their attendance is as follows:

Director	Position & Category	No. of Board Meetings Held	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships in Private Companies	No. of Directorships in Public Companies ▲	No. of Board/ Committees in Which the Director is Chairman ■	No. of Board / Committees in Which the Director Is Member ■
<sup>5</sup> Mr. Anil Singhvi	Chairman & Independent Director	6	6	Yes	4	6	1	5
Mr. Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer [Executive/ WTD]	6	6	Yes	-	2	-	2
Ms. Nisha Dutt	Independent Director	6	4	Yes	1	1	-	1
Ms. Poornima Prabhu	Independent Director	6	6	Yes	-	1	1	2
*Mr. George Zacharias	Independent Director	5	4	Yes	-	2	-	2
** Mr. Shiva Shankar Naga Roddam	Whole-Time Director & COO	NA	NA	NA	-	1	-	-

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

Name of the Director	Name of the Listed Entity	Category of Directorship
Mr. Vinod Kumar Padmanabhan	Nil	Nil
Mr. Anil Singhvi	Hindustan Construction Company Limited	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:

- ▲ Includes both Listed and Unlisted Public Companies and includes the Directorship details held in Subex Limited.
- Memberships/Chairmanships of only Audit Committee and Stakeholders Relationship Committee in public companies (listed and unlisted) including Subex Limited is considered as per the requirements of Regulation 26 (1) (b) of SEBI (LODR) Regulations. Membership details mentioned above includes chairmanship positions held.
- \* The Board of Directors at its meeting held on May 13, 2019 appointed Mr. George Zacharias (DIN: 00162570) as an Independent Director of the Company.
- \*\* The Board of Directors at its meeting held on February 07, 2020 appointed Mr. Shiva Shankar Naga Roddam (DIN: 07212118) as Whole-Time Director & COO of the Company.
- <sup>5</sup> Mr. Anil Singhvi (DIN: 00239589) has been re-appointed as Non-Executive & Non-Independent Director of the Company with effect from June 18, 2020.

### C. Number and Dates of Board Meetings

Details of meetings of the Board held during the financial year 2019-20 are as follows:

Sl. No	Board Meeting Number	Date of the Board Meeting
1.	No. 1/2019-20	May 13, 2019
2.	No. 2/2019-20	August 12, 2019
3.	No. 3/2019-20	October 11, 2019
4.	No. 4/2019-20	November 08, 2019
5.	No. 5/2019-20	January 06, 2020
6.	No. 6/2019-20	February 07, 2020

### 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, 2020	% of equity
Mr. Anil Singhvi	60,000	0.011
Ms. Nisha Dutt	NIL	NA
Ms. Poornima Prabhu	NIL	NA
Mr. Vinod Kumar Padmanabhan	4,44,095	0.079
Mr. George Zacharias	NIL	NA
Mr. Shiva Shankar Naga Roddam	25,000	0.004

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. Mr. George Zacharias was appointed as Independent Director by the Board at its meetings held on May 13, 2019. Details of the familiarization programme imparted to independent directors is available on the following link <https://www.subex.com/shareholder-services/>.

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

The Board of 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.

Mr. Anil Singhvi, Chairman & Independent Director (Non-Executive & Non-Independent Director of the Company with effect from June 18, 2020) 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.

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.

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 conceptualisation programmes.

Mr. George Zacharias 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.

Mr. Shiva Shankar Naga Roddam is the Whole-Time Director & Chief Operating Officer responsible for Sales, Marketing, Engineering & Delivery of Subex Group who 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.

#### H. Independent Directors

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.

As required under the Companies Act, 2013, one meeting of the Independent Directors of the Company was held on February 07, 2020.

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 Listing Regulations. In the opinion of the Board, the Independent directors, fulfil the conditions of Independence specified in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

#### 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.

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 and in Form MGT-9, which forms part of the Board's Report as 'Annexure D' and is placed on the Company's website <https://www.subex.com/investors/shareholder-services/>.

#### 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. Mr. Anil Singhvi, Chairman of the Audit Committee (upto June 17, 2020) was present at the 25<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 ₹ 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 ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

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

#### B. Composition of the Audit Committee as on March 31, 2020

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

\*Appointed as a member of the committee w.e.f February 07, 2020.

Further, the Board at its meeting held on May 11, 2020 re-constituted the committee as mentioned below w.e.f June 18, 2020:

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 2019-20, the following meetings of the Audit Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/ 2019-20	May 13, 2019*
2.	No. 2/ 2019-20	August 12, 2019*
3.	No. 3/ 2019-20	November 08, 2019*
4.	No. 4/ 2019-20	January 06, 2020
5.	No. 5/ 2019-20	February 07, 2020*

\*dates on which the Quarterly/Half Yearly/Year ended results for the financial year 2019-20 were considered.

The Attendance of the directors at the Audit Committee Meetings during the Financial Year 2019-20 were as follows:

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

#### 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. All the three members including the chairperson are Independent directors.

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

##### A. Terms of Reference

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, KMP or other employees and recommend to the Board of Directors a policy relating to the appointment & remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, the Committee or by an independent external agency and review its implementation and compliance.
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment, remuneration and removal.
5. Develop and recommend to the Board succession plan for the key positions in the Company (the "Succession Plan"), to review the Succession Plan periodically, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan and to perform a consultative and advisory role for any appointment requiring Board approval for the top management positions of the Company.

6. Administer the Company's equity incentive plans, including the review and grant of options to eligible employees under the plans and the terms and conditions applicable to such options, subject to the provisions of each plan.
7. Deciding on whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
9. Carrying out any other function as prescribed under the SEBI Listing Regulations, the Companies Act, 2013 and the Rules made thereunder and any other statutory/regulatory body from time to time.

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

#### B. Composition of the Nomination & Remuneration Committee as on March 31, 2020 is as follows:

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

The Board at its meeting held on May 11, 2020 re-constituted the committee as mentioned below w.e.f June 18, 2020:

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 2019-20, the following meetings of the Nomination & Remuneration Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2019-20	May 13, 2019
2.	No. 2/2019-20	August 12, 2019
3.	No. 3/2019-20	February 07, 2020

Ms. Poornima Prabhu, Chairperson of the Nomination & Remuneration Committee was present at the 25<sup>th</sup> Annual General Meeting.

Attendance of the members of the Nomination & Remuneration Committee meetings during the Financial Year 2019-20 were as follows:

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

#### 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.

#### V. 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 under <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 .

#### A. Details of remuneration paid to all the Directors during the year 2019-20 are as follows:

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

**Details of remuneration paid to the directors during the year 2019-20 are as follows:**

(₹ in Lakhs)		
Name	Sitting fees	Salary and perquisites
Mr. Anil Singhvi	19.00	-
Ms. Nisha Dutt	10.00	-
Ms. Poornima Prabhu	17.00	-
Mr. Vinod Kumar Padmanabhan	-	56.97
Mr. George Zacharias	4.00	-
Mr. Shiva Shankar Naga Roddam*	-	Nil#

\* Mr. Shiva Shankar Naga Roddam was appointed as Whole-Time Executive Director of the Company for the period commencing from February 07, 2020 and to hold office until February 06, 2023 subject to the approval of members at the 26<sup>th</sup> AGM.

# Mr. Shiva Shankar Naga Roddam draws remuneration from the subsidiary company of Subex Limited i.e Subex Assurance LLP as per his employment agreement with the LLP.

**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:**

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

- Tenure: 3 years (April 01, 2018 to March 31, 2021)
- Remuneration: ₹ 60,00,000 per annum for a period of 3 years from April 01, 2018
- Taxes: Mr. Vinod Kumar Padmanabhan will be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with appropriate authority.
- Expenses: The Company shall reimburse all reasonable travelling and other similar out of pocket expenses

necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities.

- Other terms and conditions including notice period and severance fees: As per the employment agreement between Subex Limited and Mr. Vinod Kumar Padmanabhan.

**Mr. Shiva Shankar Naga Roddam, Whole-Time Executive Director & Chief Operating Officer (February 07, 2020 to hold office until February 06, 2023)**

- Tenure: 3 Years commencing from 07 February 2020 to February 06, 2023 (subject to the approval of the members at the ensuing Annual General Meeting.)
- #Remuneration: NIL.
- Taxes: Mr. Shiva Shankar Naga Roddam will be solely responsible for all personal and other taxes relevant including the preparation and filing of such tax returns with appropriate authority.
- Expenses: The Company shall reimburse all reasonable travelling and other similar out of pocket expenses necessarily and reasonably incurred by him wholly in proper performance of his duties and responsibilities.
- All other terms and conditions including notice period and severance fees will be as per the employment agreement of Mr. Shiva Shankar Naga Roddam.

# Mr. Shiva Shankar Naga Roddam is paid remuneration from the subsidiary company of Subex Limited i.e Subex Assurance LLP as per his employment agreement with the LLP.

Details of the remuneration paid to the Directors (Executive/ Non-Executive/Independent Directors) as required under the SEBI (LODR) Regulations, 2015 as well as under the Companies Act, 2013 are provided in Form MGT-9, which forms part of the Board's Report as 'Annexure D' and is placed on the website <https://www.subex.com/investors/shareholder-services/>.

## V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is responsible for addressing the investor complaints and grievances. The Committee meets on a periodic basis to address the investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other documents etc. Details of grievances of the investors are provided in the "Shareholders' Information" section of this Annual Report. The committee has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The Company Secretary is the compliance officer of the Committee.

#### A. Composition of the Stakeholders Relationship Committee as on March 31, 2020

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

The Board at its meeting held on May 11, 2020 re-constituted the committee as mentioned below w.e.f June 18, 2020:

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 2019-20, the following meetings of the Stakeholders Relationship Committee were held:

Sl. No	Meeting No.	Date of the meeting
1.	No. 1/2019-20	May 13, 2019
2.	No. 2/2019-20	August 12, 2019
3.	No. 3/2019-20	November 08, 2019
4.	No. 4/2019-20	February 07, 2020

#### C. Attendance of the Directors at the Stakeholders Relationship Committee Meetings for the Financial Year 2019-20 were as follows:

Name of the Director	No. of Stakeholders Relationship Committee Meetings Held	No. of Stakeholders Relationship Committee Meetings Attended
Mr. Anil Singhvi	4	4
Ms. Poornima Prabhu*	3	3
Mr. Vinod Kumar Padmanabhan	4	4
Ms. Nisha Dutt#	1	1

\*Inducted as Member of Stakeholders Relationship Committee with effect from May 13, 2019

#Stepped down as Member of Stakeholders Relationship Committee with effect from May 13, 2019

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, 2020 are as follows:

Name of the Non-Executive Director heading the Committee	Ms. Poornima Prabhu (till June 17, 2020)  Mr. Anil Singhvi, Chairman, Non-Executive and Non-Independent Director (w.e.f June 18, 2020)
Name and designation of the Compliance Officer	Mr. G V Krishnakanth, Company Secretary
Number of shareholders complaints pending at the beginning of the year	0
Number of shareholders complaints received during the year	0
Number of shareholders complaints redressed during the year.	0
Number of shareholders complaints not solved to the satisfaction of the shareholders	0
Number of shareholders complaints pending at end of the year	0

#### VII. 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. 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.

#### VIII. 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;

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

#### A. Composition of the CSR Committee as on March 31, 2020

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

\* Mr. Shiva Shankar Naga Roddam was inducted into the Committee w.e.f February 07, 2020.

#### B. Meetings and Attendance of the Committee during the Year 2019-20:

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.

Though it is not mandatory to incur any expenditure on CSR activities, 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/>.

### IX. RISK MANAGEMENT COMMITTEE

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

three key elements i.e. Risk Assessment, Risk Management and Risk Monitoring.

#### A. Composition of the Risk Management Committee as on March 31, 2020

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

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

The committee met once during the financial year 2019-20 at its meeting held on August 12, 2019 to identify the risks which could be foreseen and mitigate the same.

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

### X. INDEPENDENT DIRECTOR

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

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

### XI. GENERAL BODY MEETINGS

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

Year	Date of AGM	Venue	Time
2016-17	July 28, 2017	Le Meridien, "Coronet" hall, No. 28 Sankey Road, Bengaluru-560 052	3:00 PM
2017-18	July 31, 2018	"The Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru-560 001	2:00 PM
2018-19	July 04, 2019	"The Grand Ball Room", Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru-560 001	2:00 PM

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

Date of Annual General Meeting	No. of special resolutions passed	Details of Resolutions pertaining to
July 28, 2017	3	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Vinod Kumar Padmanabhan as Whole-Time Director of the Company.</li> <li>2. Appointment of Mr. Ashwin Chalapathy as Whole-Time Director of the Company.</li> <li>3. Approve payment of remuneration to Independent Directors by way of commission.</li> </ol>
July 31, 2018	4	<ol style="list-style-type: none"> <li>1. Approval of the Employee Stock Option Scheme 2018 of the Company and Grant of Employee Stock Options to the employees of the Company thereunder.</li> <li>2. Approval of the Employee Stock Option Scheme 2018 and grant of Employee Stock Options to the employees of the Company's subsidiaries under the Scheme.</li> <li>3. Authorization to the 'Subex Employee Welfare and ESOP Benefit Trust' for Secondary Acquisition.</li> <li>4. Provision of interest free loan by the Company for purchase of its own shares by the Trust /Trustees for the benefit of Employees and Employees of Subsidiaries under the Subex Stock Option Scheme 2018.</li> </ol>
July 04, 2019	1	<ol style="list-style-type: none"> <li>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</li> </ol>

During the financial year ended March 31, 2020, there were no special resolutions passed through postal ballot. The Company proposed to have the special resolution passed through Postal Ballot for the purpose of Reduction of Share Capital of the Company through e-voting procedure, which commenced on May 27, 2020 and concluded on June 25, 2020, in accordance with the MCA General Circular No. 14/ 2020 dated April 08, 2020 and Circular No. 17/2020 dated April 13, 2020 ("MCA Circulars"), in view of the current extraordinary circumstances due to the COVID-19 pandemic requiring social distancing.

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 <https://www.subex.com/investors/capital-reduction/> for the Postal ballot notice and the procedure for e-voting.

## B. Location and Time of the Last Three EGMs

During the last three years, there were no Extra – Ordinary General Meetings held. However, the details of the latest Extra-Ordinary General Meetings (EGM's) held have been stated.

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

## C. Postal Ballot during year 2019-20

There were no other meetings held during the year under review nor were any resolutions passed through postal ballot during the financial year 2019-20.

## XII. MEANS OF COMMUNICATION

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

The annual audited /half yearly & quarterly un-audited results are generally published in all editions of Financial Express/ Business Standard (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 2019-20, had scheduled the Investor calls to discuss on the Earnings of the Company for relevant quarters which were scheduled on August 14, 2019, November 11, 2019 and February 10, 2020 respectively. The Company did not have any Institutional investors during the financial year and hence there were no presentations made to the institutional investors. The transcripts pertaining to the Earning's call held during the year are uploaded on the Company's website under the link <https://www.subex.com/> (click on investors/announcement-filing/investor-analyst-call).

In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide circular no. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (the 'MCA Circulars'), provided certain relaxations for companies, including conducting of the Annual General Meeting (AGM) through Video Conferencing (VC) or through Other Audio-Visual Means (OAVM) ('VC/OAVM'), if AGMs of such companies are conducted during the calendar year 2020. The said MCA Circulars have also dispensed with the printing and dispatch of annual reports to shareholders. In line with the above MCA Circulars, SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 dispensed with the requirement of Regulation 36 (1)(b) and (c) of the SEBI (LODR) Regulations, 2015, for listed entities, who conduct their AGMs during the calendar year 2020, which otherwise prescribes that a listed entity shall send a hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses and hard copies of full annual reports to those shareholders, who request for the same, respectively.

Accordingly, this year, in view of spread of the COVID-19 pandemic and also 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 2019-20 (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 above MCA Circulars and in view of the current extraordinary circumstances due to the COVID-19 pandemic requiring social distancing, the Company is taking 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 26<sup>th</sup> AGM.

### XIII. DISCLOSURES

#### A. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under The Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by Ind AS has been made in note 31 to the Standalone and Note 31 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. INSIDER TRADING

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

#### C. FINES

During the year 2019-20, National Stock Exchange of India Limited ["NSE"] had sent letters to the Company for non-compliance with respect to Regulation 17 (1) (c) of the SEBI (LODR) Regulations for the delay in appointment of the 6<sup>th</sup> Director. The Company has submitted its responses against the Letters received by NSE enumerating the reasons for delay in compliance with respect to Regulation 17 (1) (c) of the SEBI LODR Regulations and sought additional time for complying with the requirement. Further, the NSE imposed a total amount as fine of ₹ 6,45,000 (₹ 4,60,000 & ₹ 1,85,000 respectively) for the delay in appointing the 6<sup>th</sup> Director on the Board. The Company submitted its response to NSE stating the reasons for non-compliance and urged NSE to waive the fine imposed and sought further time till March 31, 2020, to enable it to comply with the Regulation 17 (1) (c) of the SEBI (LODR) Regulations, 2015. The NSE vide its letter dated June 23, 2020 intimated the Company that its request for waiver of fine was not considered favorably and the Company remitted the fine to NSE on July 08, 2020.

#### D. 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/>.

#### E. POLICY ON 'MATERIAL' SUBSIDIARY COMPANIES

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

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

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

The Company does not deal in commodities 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 has not done any hedging activity during the year ended March 31, 2020 as there is a natural hedge between exports and imports. However, the Company has initiated hedging from May 2020 for FY20-21.

The liquidity position of the Company was not impacted during the said financial year.

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

There were no funds raised by the Company through Preferential allotment or qualified institutional placement as specified under the above mentioned regulation during the financial year 2019-20.

#### H. CEO/CFO CERTIFICATION

The Company has obtained a certificate from the CEO/CFO as required by Regulation 17 (8) (Part B of Schedule II) of the SEBI (LODR) Regulations, 2015 and the same forms a part of this report as Annexure 1.

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

A Certificate from the Practicing Company Secretary is received by the Company stating that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the board/ministry of corporate affairs or any such statutory authority and the same is annexed to this report as Annexure 2.

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

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

The total fees for all services paid by Subex Limited and its subsidiaries, on a consolidated basis, to 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, 2020, is as follows:

(₹ in Lakhs)

Fees for audit and related services paid to S.R. Batliboi & Associates LLP	111
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.	71
Total fees	182

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

The Company has an Internal Complaints Committee ("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.

#### L. CODE OF CONDUCT

In compliance with Regulation 17(5) of the SEBI (LODR) Regulations, 2015, the Company has adopted a Code of Conduct (the 'Code'). This Code is applicable to the Members of the Board, Senior Management Personnel and all employees of the Company and Subsidiaries. The Code lays down the standard of conduct which is expected to be followed by the Board of Directors and the designated employees in their business dealings particularly on matters relating to integrity in the 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, 2020. 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/>.

#### M. RECOMMENDATION OF THE COMMITTEES

There were no instances in the financial year 2019-20, where

the Board had not accepted any recommendations of any Committees of the Board which is mandatorily required.

#### XIV. MANAGEMENT DISCUSSION AND ANALYSIS

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

#### XV. GENERAL SHAREHOLDER INFORMATION

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

#### XVI. 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, except for the delay in appointing the 6<sup>th</sup> Director on the Board of the Company pursuant to Regulation 17(1)(c) of the said Regulations. The Company has appointed the 6<sup>th</sup> Director with effect from February 07, 2020.

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

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

For Subex Limited

Anil Singhvi  
Chairman, Non-Executive, &  
Non-Independent Director  
DIN: 00239589  
Place: Mumbai  
Date: August 10, 2020

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

##### A. The Board

The Company appointed Mr. Anil Singhvi, Independent Director (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) as well as on the Company's website.

##### C. Modified opinion(s) in Audit Report

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

##### D. Reporting of Internal Auditor

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

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN: 06563872  
Place: Bengaluru  
Date: August 10, 2020

## 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, 2020 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 11, 2020  
Place: Bengaluru

For Subex Limited

Venkatraman G S  
Chief Financial Officer  
Date: May 11, 2020  
Place: Bengaluru

## ANNEXURE 2

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members,  
Subex Limited  
CIN L85110KA1994PLC016663  
RMZ Ecoworld, Outer Ring Road,  
Devarabisanahalli, Bangalore-560 103

We have examined the status of debaring or disqualification from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority for the year ended on March 31, 2020, as stipulated in item 10(i) of clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations.

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 2020 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 and Independent Director
2.	Poornima Kamalaksh Prabhu	03114937	Independent Director
3.	Nisha Dutt	06465957	Independent Director
4.	Vinod Kumar Padmanabhan	06563872	Managing Director & CEO
5.	George Zacharias	00162570	Independent Director
6.	Shiva Shankar Naga Roddam	07212118	Whole-Time Director & COO

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

Pramod S M  
Partner

FCS 7834 / CP No. 13784

UDIN: F007834B000591516

Date: August 10, 2020

Place: Bangalore

## Annexure

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

Sr. No	Documents/records/website	Reference
i.	Minutes of Nomination & remuneration Committee	Circular No. LIST/COMP/14/2018-19 dated June 20, 2018 issued by BSE & NSE/ CML/2018/02 dated June 20, 2018
ii.	Corporate announcements made by Company for appointment of Directors	
iii.	Corporate announcements made by Company for cessation/resignation/vacation of Directors	
iv.	Declaration made by directors in form DIR-8	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
v.	DIR-9 filed by the Company regarding default under section 164(2)	Section 164(2) of the Companies Act, 2013 read with Rule 14(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014
vi.	List of disqualified directors placed on website of Ministry of Corporate Affairs at <a href="http://mca.gov.in/MinistryV2/disqualifieddirectorslist.html">http://mca.gov.in/MinistryV2/disqualifieddirectorslist.html</a>	Section 164(2)
vii.	Directors debarred/disqualified through SEBI order as per list placed at BSE Limited and NSE Limited at <a href="https://www.bseindia.com/investors/debent.aspx">https://www.bseindia.com/investors/debent.aspx</a> <a href="https://www1.nseindia.com/invest/content/regulatory_actions.htm">https://www1.nseindia.com/invest/content/regulatory_actions.htm</a>	Section 11B of the SEBI Act, 1992

## 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, 2020.

Place: Bengaluru  
Date: August 10, 2020

For Subex Limited

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN: 06563872

# 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	RMZ Ecoworld Outer Ring Road, Devarabisanahalli, 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, 2019 to March 31, 2020
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 82 of the Annual Report (forming part of the Management Discussion and Analysis)
9.	<b>Total number of locations where business activity is undertaken by the Company</b> i) Number of International Locations (Provide details of major 5) <ul style="list-style-type: none"> <li>• United Kingdom</li> <li>• United States of America</li> <li>• Singapore</li> <li>• United Arab Emirates</li> <li>• Canada</li> </ul> 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 31.3.2020)

1.	Paid up Capital (INR)	As on March 31, 2020, the paid-up capital of the Company stood at ₹ 5,620,029,350 consisting of 562,002,935 equity shares of ₹ 10 each.
2.	Total turnover (INR in Lakhs)	₹ 36,498
3.	Total Profit/ (loss) after Taxes (INR in Lakhs)	₹ (26,915)
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL (See point no. 5)

5.	<p><b>List of activities in which expenditure in point no. 4 has been incurred</b></p> <p>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.</p> <p>Though it is not mandatory to incur any expenditure on CSR activities, 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 (Annual Report on CSR Activities).</p> <p>Further details on the activities undertaken by the SCT are contained under Principles 4 &amp; 8.</p>
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### Section C – Other Details

1.	<p><b>Does the Company have any Subsidiary Company / Companies?</b></p> <p>Yes, the Company has Ten subsidiaries, namely:</p> <ol style="list-style-type: none"> <li>1. Subex Assurance LLP</li> <li>2. Subex Digital LLP</li> <li>3. Subex Technologies Limited</li> <li>4. Subex Americas Inc.</li> <li>5. Subex (UK) Limited</li> <li>6. Subex Middle East (FZE)</li> <li>7. Subex Bangladesh Private Limited</li> <li>8. Subex Azure Holdings Inc.</li> <li>9. Subex (Asia Pacific) Pte Limited</li> <li>10. Subex Inc.</li> </ol>
2.	<p><b>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).</b></p> <p>Yes. As the business responsibility initiatives are run at a group level, all subsidiaries participate in the initiatives, to the extent relevant.</p>
3.	<p><b>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%)</b></p> <p>We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.</p>

### 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

S I . No.	Particulars	Details
1	DIN	06563872
2	Name	Mr. Vinod Kumar Padmanabhan
3	Designation	Managing Director & CEO
4	Telephone No.	080-66598700
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

The Company is publishing its Business Responsibility Report from this financial year. 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 code of conduct of 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

In FY 2019-20, we received one complaint as part of our Whistleblower policy. Soon after it was received, the resolution mechanism as defined in the policy kicked in and the complaint was resolved. Apart from the aforesaid, no complaints have been received.

### 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 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 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 ROC 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. Blockchain for Digital Trust in Telecom Wholesale Business:

Telecom wholesale business is fraught with faceless, boundary less fraudsters who commit large scale socially impacting frauds such as Wangiri, IRSF and FAS frauds.

Subex leverages Blockchain to offer visibility on possible fraud scenarios such as Wangiri, smart FAS, Short Stops, and other wholesale fraud. It also assists in publishing fraud mitigation evidence. It collates fraud information from external systems to provide a consolidated view of discrepancies due to fraud, rate and volume

Subex Blockchain is powered by the capabilities of an enterprise-grade DLT (Distributed Ledger Technology) solution that is supported by a strong development community and focused on solving business problems while reducing compliance complexities for Telcos. The open API framework can seamlessly integrate with existing billing systems enabling faster time-to-market and quick addressal of reconciliation and fraud mitigation. The interface is designed especially for users to see near real-time reconciliation reports with summarized data that can be drilled down to event level discrepancies.

Subex is a member of the Communications Business Automation Network (CBAN) & Risk and Assurance Group (RAG) Blockchain consortiums. We also chair the Intercarrier Settlement Telecom SIG – Linux Foundation Hyperledger.

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 (separately as <5%, 5-10%, >10%) 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 co-operates with its 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.

- Please indicate the total number of employees - 961
- Please indicate the total number of employees hired on temporary / contractual / casual basis - 97
- Please indicate the Number of permanent women employees - 253
- Please indicate the Number of permanent employees with disabilities - Nil
- Do you have an employee association that is recognised by management - No
- What percentage of your permanent employees are members of this recognised employee association? - Not applicable
- 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 - None.
- What percentage of your under mentioned employees

were given safety & skill up-gradation training, in the last year?

Safety training is provided to 100% of the employees.

Details of the skill up-gradation training\*:

- Permanent Employees - 57.75%
- Permanent Women Employees - 14.78%
- Casual / Temporary / Contractual Employees - 5.72%
- Employees with disabilities - Not Applicable

\* Includes employees who were not part of Subex at the end of financial year.

### 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 mapped its internal and external stakeholders. Internal Stakeholders of the Company include employees, support staff, senior leaders, and Board of Directors. The external stakeholders also 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 Principle 8 and Pages 50 to 51 of the Annual Report for 2019-20 (Annual Report on CSR activities - 'Annexure G' to the Board's Report.)

### 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.

Subex has policies in place which covers its employees against inhuman practices. 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?

None. Please refer point no. 2 under Principle 1 and page 202 of the Annual Report (forming part of the Shareholders' Information section).

#### 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.

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 limiting 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 intends to increase its energy efficiency using solar or green power and is working towards the implementation of the same.

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

No.

#### 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) 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 every quarter and 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 Pages 50 to 51 of the Annual Report for 2019-20 (Annual Report on CSR activities-'Annexure G' to the Board's Report.)

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 (SCT) extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected amongst the employees of the Company.

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

The project activities are periodically reviewed by the CSR Committee. 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 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 Pages 50 to 51 of the Annual Report for 2019-20 (Annual Report on CSR activities -'Annexure G' to the Board's Report.)

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 is to create a positive and sustainable impact in the lives of the communities in the long run. The SCT has received positive feedback from the organizations that it has supported 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. 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 Augmented Analytics 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, predictability, data integrity and risk mitigation, all helping 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.

Our pioneering platform, the Revenue Operations Centre (ROC®) – a centralized approach that sustains profitable growth and financial health of organizations through coordinated operational control - brings together business intelligence, domain knowledge and workflow support. ROC acts as the underpinning solution on which organizations can build their processes to bring in privacy, security, risk mitigation, confidence in data, and predictability.

Subex leverages its award-winning analytics solutions in areas such as Revenue Assurance, Fraud Management, Network Asset Management, 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.

Subex has spent over 25 years in enabling 3/4th of the largest 50 Communications Service Providers 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 800+ 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.

### THE CSP INDUSTRY – the mobile market and its outlook Growth may be becoming harder to see, but it's still there.



As per the latest GSMA Mobile Economy Report, by the end of 2019, there were 5.2 billion unique mobile subscribers around the world, accounting for 67% of the global population. Adding new subscribers has increasingly become difficult as markets become further saturated. Despite this:

- There will be around 600 million new subscribers by 2025, nearly two-thirds of which will be from the Asia-Pacific and Sub-Saharan African regions.
- The market expects an average annual growth rate of 1.9% between 2019 and 2025, which will increase the number of mobile subscribers to 5.8 billion (70% of the population).
- The market will see a surge in Mobile Internet users from 3.8bn in 2019 to 5.0bn by 2025, with an average annual growth of 4.6%. This also means that there will be a significantly increased and continuous investment by operators to ensure optimal network performance to keep up with the demand.
- The operators' Capex spend is estimated at \$1.1 trillion for the period 2020 – 2025, and almost 80% of this will be towards 5G.

Source: GSMA Report 2020

#### 4G dominates as 5G begins to make its mark

In 2019, 4G became the dominant mobile technology globally, with over 4 billion connections, and 5G is gaining momentum.

- 4G connections will continue to grow for the next few years, peaking at just 60% of the global connections.
- 5G will start moving the needle in 2020. Mobile 5G is now commercially available for 46 operators in 24 markets worldwide; 79 operators across a further 39 markets have announced plans to launch mobile services.
- There will be approximately 1.8 billion 5G connections by 2025. Developed Asian countries and the US will lead the way
- IoT will form an integral part of the 5G era. By 2025, the number of global IoT connections will be more than double to almost 25 billion, and the IoT revenue will more than triple to \$1.1 trillion.
- 5G will give rise to new business models and revenue streams. The predominant drivers are IoT, the evolution of the content ecosystem, the transformative power of AI for network operations and services, and the onset of a new era of connected devices.

#### IoT: The battle is on to connect the home and workplace

IoT connections will reach almost 25 billion globally by 2025, up from 12 billion in 2019. The business case for IoT is shifting from just connected devices to addressing specific problems or needs with solutions to collect, process, and integrate data from multiple sources, which can be analyzed to create value and provide actionable insights.

- There will be around 13.3 billion IoT connections by 2025; smart buildings and smart homes will be key growth verticals
- IoT revenue will touch the \$1.1 trillion mark by 2025, with value continuing to move up the stack to platforms
- Security concerns and integration with existing technologies will persist as the main challenges in deploying IoT based solutions.
- Becoming an IoT connectivity service provider and offering Machine-to-Machine (M2M) devices can open new streams of revenue for the telcos.
- Telcos are applying IoT to home automation and wearable devices to enhance their overall customer experiences. In the coming years, IoT smart sensors will be implemented in gaming environments, healthcare, personal fitness goals, sports, and more.

#### AI is an imminent reality

Telecommunications is one of the fastest-growing industries as well as one that uses Artificial Intelligence and Machine Learning in many aspects of their business, from enhancing the customer experience to predictive maintenance to improving network reliability.

- Telcos will use AI technologies to get insights from the data goldmine they own and monetize it. As the owners of the network, 5G technology, communication, and subscriber data, CSPs will enable IoT revolution. This will lead to the next evolution

of telecom: B2B2X. Telecoms will partner with other businesses and governments to implement IoT in other industries, and the 'smart life' will be a new reality.

- Use of AI to drive churn down while maintaining market differentiation. Telcos will use AI analytics to pinpoint the next best offer and launch a micro-segmented and personalized campaign to a customer at the right time, based on their preferences and history.
- 5G – the next generation of networks will leverage AI, thus making them smarter, while optimizing Capex.

#### Blockchain will become a game-changer

Blockchain will play a pivotal role in securely conducting business with third parties while reducing costs and increasing revenue. CSPs can leverage blockchain to offer new services using tamperproof transaction management and automated contracting. Applications include 5G enablement, mobile financial services, data management, fraud management, identity management, instantaneous connectivity and transaction, IoT connectivity, number portability, roaming and more.

#### The telco of the future

As we enter the 5G era, network innovation has taken prime importance. Over the last decade, the mobile network model has trended away from asset ownership to infrastructure sharing. Operators need to evolve their networks to meet the 5G era's demands and to diversify their revenue streams to seek growth beyond core telecom services.

- Revenue generation and customer experience will be the primary goals of a network transformation strategy
- Spectrum is the top concern for operators in the 5G era
- The revenue from core services stagnates, leading major operator groups to seek revenue opportunities from adjacent services like Pay TV, media, IoT, enterprise solutions, etc. The contribution from non-telecom services to total revenue is growing slowly.

#### Conclusion:

Subex, as a leader in the space of Digital Trust, is uniquely positioned to help telcos to embrace digital transformation. To take advantage of the infinite possibilities that 5G unlocks will require a robust ecosystem of partners, making collaboration the baseline for success. While 5G rollout will create an unfathomable number of use cases allowing services providers to significantly expand the number of services they offer to both businesses and consumers, it also presents new challenges. From sales and marketing to operations, IT, network management, pricing, and billing, there will be enormous changes that service providers must plan for. Subex is well placed to support this transformation and can help service providers plan for the strategic evolution of their value chain. Subex can help catalyze the transformation process of traditional network developers into service enablers for 5G and IoT, and ultimately to service creators, with the ability to collaborate beyond telecoms.

## OUR PRODUCTS

Subex offers the Revenue Operations Centre (ROC®) Solution Suite that enable Digital Trust for our customers. To this end, Subex's core products around Revenue Assurance and Fraud Management have been enhanced with the power of Artificial Intelligence and Machine Learning. Subex also provides network analytics through its Network Asset Management, Data Integrity Management and Capacity Management solutions.

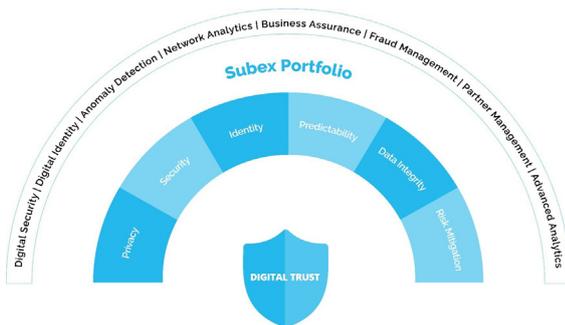
In a digital world, where multiple partnerships will need to be managed, Subex provides CSPs with a Partner Management and Partner Settlement solution. To help drive confidence in data, Analytics Center of Trust (ACT) - a solution framework built to help organisations transform from a traditional business to a digital one through the power of data analytics. Subex also provides organisations with confidence in the growing connected world, through its IoT Security solution, Subex secure, which is a multivertical solution focused towards the telecom, government, automotive, and defense segment, to name a few. Subex delivers AI-based anomaly detection for digital businesses with a brand new product called CrunchMetrics, which helps organisations automatically look through billions of records, identify unusual patterns, intelligently correlate these patterns with their context of occurrence, and flag outliers that can cause business impact – all in real-time. Subex also helps in transforming the way the business verifies users, through its recently launched product called IDcentral. IDcentral provides a one-stop solution for digital identity, verification and validation services.

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

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

For service providers that aim to optimize their operational and process infrastructure, ROC delivers Business and CAPEX Optimization pragmatically.

## PRODUCT PORTFOLIO



### Subex Secure (Digital Security)

Subex Secure is an IoT and OT security solution designed to secure connected and constrained devices and networks. It is an agentless

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

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

### 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 specialises in bringing together these different attributes to create verifiable digital identities leveraging alternate sources of data. IDcentral acts as a one-stop solution for digital identity verification and validation services by harvesting data from multiple sources and adding layers of intelligence to enable the creation of a real-time frictionless digital identity. Said identity can be electronically accessed to solve numerous challenges reduction in identity frauds, slack in the verification process and enhancing the operational efficiency of businesses.

### Crunch Metrics (Anomaly Detection)

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

Crunch Metrics is vertical agnostic and has a wide range of use cases for Telecom, Retail, FinTech and other digitally transformed businesses.

## Network Analytics

### 1. Network Asset Management

Network Asset Management is a Telecom Asset Lifecycle Management solution that provides framework and controls to help CSPs make the best use of their assets, thereby helping manage network Capex efficiently. 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.

### 2. 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.

### 3. Capacity Management

ROC Capacity Management solution helps operators undertake a predictive approach to understand their capacity issues, thereby helping them ensure the best customer experience while optimizing costs and maximizing ROI. ROC Capacity Management ensures the removal of capacity issues and ensures smooth operation of business-critical applications, thereby resulting in positive customer experience.

### Business Assurance

ROC Revenue Assurance solution offers a comprehensive view of an enterprise by providing better visibility into risks surrounding operations, revenue and margins. With Active Risk Intelligence, our re-imagined assurance product stack, operators can assess and address impacts in near real-time or, in some cases, proactively. In today's reality of multi-service, multi-disciplinary offerings (e.g. Banking, Retail, Digital Content etc.), the comprehensive AI/ML capabilities in the solution will help our telecom partners identify unknown unknowns, for meaningful course corrections. Furthermore, as operators keep expanding their portfolio to cater to the demands of today's customers, in the ARI suite we've gone beyond traditional, point-focused dashboards to comprehensive storylines, which tell the whole story.

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

### Fraud Management

ROC™ Fraud Management provides 360-degree fraud protection across digital services by leveraging advanced machine learning and signalling intelligence. The solution combines a traditional rules engine with advanced artificial intelligence/ machine learning capabilities to provide increased coverage across all telco services and minimize fraud run-time in the network with real-time blocking capabilities. With Subex's comprehensive fraud management system, operators can detect more than 350 types of fraud in all telecom

environments: Wireline (PSTN, ISP, VoIP) and Wireless (2G, 2.5G, 3G & 4G); and across all services: postpaid, Payment, VAS, MMS and M-commerce.

### Partner Management

ROC Partner Management is a convergent 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, by providing a nuanced profile of partner agreements based on data such as revenue and margins. It helps in swift partner onboarding, partner self-care, partner assurance, and end-to-end revenue visibility and accessible communication between Telco and its partners. It manages diverse revenue streams while helping you launch high-value, high margin services in collaboration with partners.

### Partner Settlement

Subex ROC Partner Settlement leverages automation, flexibility, and Assurance to facilitate faster, more accurate, seamless billing and settlement as well as prudent AR/AP and Margin provisioning. The billing platform enables you to introduce innovative product bundling and billing mechanisms, thereby opening new business models and staying agnostic to the services right from connectivity to 5G NW Slicing at the same time. It has inbuilt capabilities of Tariff Management, including OBR, bilateral agreements, accruals, GL-codes, reconciliation, and dispute management, to name a few. Integrated ETL, Dashboards & Reports, PDF to excel conversion utility reduces CAPEX by providing bundled nifty tools that make ROC Partner Settlement the most efficient solution.

### Route Optimisation

Route Optimisation helps you by creating multiple routing plans through template-based automatic rate sheet ingestion and sales price generation for complete buying and selling requirements. Configurable QoS parameters ensure quality route plans and capacity consideration enable successful routing without call drop. Commercial plans are converted to technical implementations and directly uploaded to the switch using multiple interfaces of SOAP, REST, and MML. The solution ensures that the entire end-to-end processes from dial code/destination operator rate imports to switch updates are controllable and auditable.

### Analytics Center of Trust (Advanced Analytics)

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

- **Strategies:** Leveraging over 25 years of expertise in telecom analytics, Subex helps to create the right analytics strategy by establishing CSPs current maturity, define the business vision and identifying the required roadmap.
- **Trusted BI:** Subex's ACT is powered by an intelligent Information Infrastructure, which acts as the brain of the system delivering real-time insights on the shifts in trends across the spectrum. Subex's BI is built around Hadoop and big data capabilities,

powered by machine learning (ML) and artificial intelligence (AI).

- **ROC Insights:** ROC Insights advanced analytics service, powers the ACT infrastructure, delivering next-generation Analytics-as-a-Service to Telcos across the globe. The solution leverages Subex's expertise in BSS/OSS and Telecom Analytics to provide actionable business intelligence to relevant business users at the right time. By combining the best in both machine and human intelligence, the solution transcends traditional approaches, accelerating the digital journey of organisations. ROC Insights provide actionable insights around key focus areas: Product, Customer, Risk and Revenue.

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

### Managed Services

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.

### OPPORTUNITIES

With digital transformation all around us, Digital Trust has become a key priority for Telecom Operators. Our portfolio with its focus on Privacy, Security, Identity, Predictability, Data Integrity and Risk Mitigation is well suited to help telecom operators build and deliver Digital Trust.

- 5G is moving from labs to deployment phase and a relentless wave of inventions are headed our way. This transition to 5G will occur over the next 4 to 5 years and will result in several opportunities for us at Subex.
- Telcos are targeting enterprise services with 4G and 5G applications in manufacturing, health care, distance learning and transportation. Increasingly these services will rely on IoT and MEC networks. Subex is well positioned to help carriers in the areas of Capacity Management, Partner Management, Asset Assurance, Business Assurance, Partner Management, IoT Security and AI driven Augmented Analytics.
- We continue to see demand for data bandwidth increase relentlessly. At the same time revenues for telecom operators are likely to stay flat over the next 5 years period. Operators who do efficient network spends which combines capacity with customer experience and ROI will succeed. We see an opportunity to use our deep understanding of network performance KPIs and our capabilities in artificial intelligence in delivering cutting edge Network Capacity Management solutions to telecom operators.
- As most businesses are driven towards rapid digital transformation, Cyber Crime and Fraud risks have seen a dramatic increase in the first 5 months of 2020. We see strong demand for Security and Fraud detection solutions of Subex.
- Telecom Operators are transforming to platform players with new lines of businesses focused on entertainment, ecommerce,

Industrial Automation, autonomous transportation, smart utility and cities. To succeed telecom operators are turning to increasing use of data for operational and strategic decision making. However, there are challenges. The journey from data to insights has several manual steps which are prone to errors and biases, it has a high dependency on skilled data scientists, data itself continues to reside in silos in the telco world. To address this latent need Subex is building an augmented analytics platform which uses AI to the journey from data preparation to insight generation and insight explanation. Subex's new platform also citizen data scientists by automating many aspects of data science, machine learning, and AI model development, management and deployment. We see a strong demand for this platform among the Telecom Operators.

## THREATS

- Barring a handful of industries, this statement is probably applicable to all other businesses for the next few months. While the telecom industry is resilient to the COVID-19 crisis, it is not spared of uncertainty. And this uncertainty does impact opex and capex spend priorities.
- We are clearly foreseeing some slow-down in network investments and introduction of 5G. Owing to COVID-19 the focus seems to have shifted from low latency use cases to high bandwidth type use cases.
- Telecom operators today offer a variety of products and services to its customers. Order management, provisioning, fulfillment, billing and customer care are becoming increasingly complex. Thus, demand on decision support solutions like Fraud Management and Revenue Assurance, to handle very complex use cases continue to grow. We at Subex have invested in technology upgrades and have invested in advanced AI labs to address these growing expectations of our customers.
- As Telcos turn into platform players and grow multiple lines of new businesses, there is increased decentralization of purchasing power and decision making among these lines of businesses. We at Subex recognize this challenge and have doubled down on ensuring greater relevance of our portfolio and visibility to our portfolio among these decentralized centers within telcos.
- As cloud computing makes further inroads into telecom service providers, so do a number of new cloud-based SaaS software vendors each offering niche capabilities in the area of decision analytics. We at Subex recognize these as new competitions and have been building capabilities in response and in many cases ahead of these players.

## Key Announcements in FY20

### Subex secures 5-year deal from Jawwal for ROC Fraud Management and ROC Revenue Assurance.

Subex secured a five-year expansion of coverage of its partnership with Jawwal – the foremost mobile network operator in Palestine to provide an upgrade with ROC Revenue Assurance and ROC Fraud Management. Subex was selected based on the proven experience of enabling success in fastpaced environments, rich domain

expertise and technological prowess, coupled with global exposure. The upgraded system will help Jawwal achieve tangible success by enhancing customer experience and protecting their revenues.

### VIVA Kuwait renews a multi-year contract for Revenue Assurance and Fraud Management with Subex.

Subex was awarded a 3-year contract from Viva, Kuwait's fastestgrowing and most developed telecom operator, to provide its ROC Revenue Assurance and ROC Fraud Management solutions on a Managed Services model. Subex & Viva have been working for nearly a decade and have seen sustained value in the relationship. Subex's vast experience in the Business Assurance and Fraud Management space coupled with a great track record with Viva led to an extension of a contract.

### Subex wins multi-year deal from Econet Wireless Zimbabwe to deploy Analytics Centre of Trust.

Subex won a contract with Econet Wireless Zimbabwe, a leading telecom operator in Zimbabwe for deployment of its Analytics Center of Trust (ACT) offering. through the deployment, Econet will be able to transform into an independent data driven organization, thereby improving operational efficiency. Econet Wireless Zimbabwe was looking to improve their operational efficiency by effectively leveraging their data to make business decisions. To this end, Subex was selected based on its proven expertise in implementing an analytics solution which is flexible across business cases around Customer, Technology, Product, Sales & Distribution, Risk and Revenue. The analytical support from Subex will give impetus to Econet's strategic expansion.

### Subex joins GLF's (Global Leaders' Forum) Communications Blockchain Network

Subex is now part of the ITW Global Leaders' Forum's Communications Blockchain Network (CBN), a blockchainbased consortium which aims to revolutionize the ICT Service Provider industry's commercial settlement infrastructure. The ITW Global Leaders' Forum is a global network of leaders from the world's largest International Carriers, who convene to discuss strategic issues and to agree collaborative activities, with the aim of upholding the principle of interoperability and ubiquitous international and technological coverage. Subex will work with GLF and other leading carriers and technology partners towards democratizing trust and simplifying the settlement process by using blockchain.

### Subex and RAG announce first of its kind alliance to leverage Blockchain for combatting fraud

Subex joined hands with the Risk & Assurance Group (RAG) to provide a blockchain-based fraud management solution to its customers. As part of this alliance, Subex becomes part of the RAG Wangiri Blockchain Consortium which seeks to use Blockchain technology to gather real-time industry threat intelligence about fraudsters. The consortium includes some of the world's leading Communications Service Providers (CSP) from North America, Europe, Africa, and Asia. By partnering with the RAG Wangiri Blockchain Consortium, Subex aims to provide its customers with a decentralized and cryptographically secure blockchain ledger of fraud-related information.

Subex Secure ranked as the "Top Security Platform of the Year" by Compass Intelligence.

Subex Secure ranked as the "Top Security Platform of the Year" by Compass Intelligence. Compass Intelligence, a market acceleration research and consulting firm, awards honor the top companies, products, and technology solutions in mobile, IoT, and emerging technology industries. Subex Secure, the IoT security solution of choice for a range of industries from smart cities, oil and gas plants and critical infrastructure entities to telecom operators and connected cars, and has been at the forefront of IoT security innovation.

## OUR REVENUE MODEL

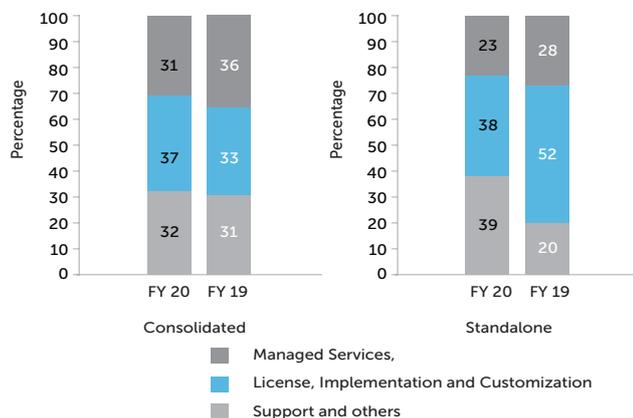
Our revenue generally comes from four streams: (1) licensing; (2) professional services related to installations and configuration activity; (3) annual support contracts; and (4) managed services.

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

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

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

## Revenue Composition



## RISKS AND CONCERNS

As our investor, you already understand that risks are part of any business. It is not possible to detail every risk to the business. There is the global COVID-19 pandemic, leading to uncertainty and ambiguity in all businesses. There could be dramatic changes in the business however due to the lack of any precedents, and the fact

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

### Reduction in Consumer and Business Purchasing.

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

### Consolidation in our customer base

CSPs have gone through considerable consolidation. The consolidation, or merger, of one CSP with another can have at several impacts on us. First, it will simply reduce the overall size of the market; each consolidation effectively reduces the number of potential customers for our products. Secondly, it can and does happen that one of our existing customers can undergo a consolidation. In that event, the other party to the consolidation may already have competing products and the combined company may choose to continue with the use of the competing product rather than use our product/ services. Of course, it can also happen that the two companies, when combined, choose to use our products which may have a positive impact on our revenue. Another possibility is that two existing customers merger. The consolidation of two customers will have an adverse effect on our revenue as the combined company attempts to reduce their consolidated spending. Finally, larger customers simply have more negotiating power leading to reduced prices for our products. The Company strives to have a deep penetration within the accounts that it serves so as to provide an edge over competitors and be a preferred choice during such consolidations.

### Dependence on the Communications Service Providers as our major customers

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

## Security

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

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

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

You are probably aware of the global trend 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 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 graduate. We are an equal opportunity employer and focus on meritocracy at all stages of the hiring and 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, job fairs, campus placements, and internal job postings.

### Adequately Protecting Our Intellectual Property may not be possible

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

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

### Allegations of Infringement of Third- Party Intellectual Property poses Risks.

We may face claims by third parties that our products infringe on

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

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

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

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

Historically, the Company has not received any allegation of infringement of third party intellectual property. However, especially as the Company invests in and introduces new product lines allegations of infringement of third party intellectual property rights, against us or our customers with respect to our products, or any allegation of breach of our confidentiality obligations to our customers could have a material adverse effect on our business, financial condition and results of operations.

#### **Variability of Our Quarterly Operating Results Makes Comparisons Difficult**

Our quarterly operating results have varied in the past due to reasons like seasonal pattern of hardware and software capital spending by customers, information technology investment trends, achievement of milestones in the execution of projects, hiring of additional staff and timing and integration of acquired businesses. Hence, the past operating results and period to period comparisons may not indicate future performance. Our management is attempting to mitigate this risk through expansion of our client base geographically, 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 an as-needed basis. An ongoing monitoring mechanism has been established with respect to applicable laws.

#### **Certifications and compliance**

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

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

Software development, being generally a pollutionfree 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 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. Any failure to fulfill these contractual obligations may expose us to financial, reputational and other risks.

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

#### **Debt Obligation**

The Company did not have any debt obligation as on March 31, 2020.

#### **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 efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report

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

Subex is certified for ISO 9001:2015 (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 continued to focus on reviews and updates on processes thereby aligning the projects to the current organization structure. Identification and Involvement of process owners to review processes and make it relevant and align it to the organization. Some of the requirements which were specific to customer were customised, with audits conducted for some of the accounts.

#### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Financial Highlights/Year Ending 31st March	2019-20		2018-19	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	36,498	1,079	34,812	1,916
Total Income	37,061	3,170	34,913	1,926
Earnings Before Interest, Exceptional Items & Taxes (EBIT)	7,997	(1,168)	4,823	(861)
Profit/(Loss) before Exceptional items & tax	7,996	891	4,708	(2,455)
Exceptional Items	(31,766)	(21,361)	-	-
Profit/(Loss) before tax	(23,770)	(20,470)	4,708	(2,455)
Tax expenses	3,145	118	2,186	(2)
Profit/ (Loss) after tax	(26,915)	(20,588)	2,522	(2,453)
Other comprehensive income	(29)	(21)	(428)	(3)
Equity dividend %	Nil	Nil	Nil	Nil
Share Capital	56,200	56,200	56,200	56,200
Reserves & Surplus	(4,661)	(6,176)	23,210	14,949
Net worth	51,539	50,024	79,410	71,149
Gross Property, Plant & equipment, right-of-use asset and other intangible assets	8,215	6,599	2,424	6,286
Net Property, Plant & equipment, right-of-use asset and other intangible assets	4,861	1,157	547	5,005
Total Assets	68,098	55,128	89,649	74,479

### Ratios where there has been a significant change from fiscal 2019 to fiscal 2020

Key Indicators	2019-20		2018-19	
	Consolidated	Standalone	Consolidated	Standalone
Debtor Turnover Ratio	4.11	1.23	3.91	1.74
Current Ratio	2.71	0.65	2.24	0.29
Debt (including Working capital) Equity %	0.32	0.10	0.13	0.05
Net Profit Margin %	(73.74)	(1,908.06)	7.24	(128.03)
Return on year end Net Worth %	(52.28)	(41.20)	2.64	(3.45)
Return on year end capital employed % (EBIT/ Capital Employed)	13.38	(2.33)	5.86	(1.21)

- Debtors turnover ratio is computed as turnover by average debtors. On consolidated basis, increase in debtor's turnover ratio is on account of increase in revenue from ₹ 34,812 lakhs in 2018-19 to ₹ 36,498 lakhs, average debtors being constant. On standalone basis, increase is on account of decrease in average debtors in 2019-20 compared to previous year.
- Current ratio is computed as current assets by current liabilities. Increase in ratio is due to increase in current assets on both standalone and consolidated basis as compared to previous year.
- Debt equity ratio is computed as total liabilities by net worth. Increase in debt equity ratio is on account of decrease in net worth of the company as explained in the below commentary.
- Return on net worth is computed as comprehensive income attributable to shareholders by shareholders equity. Net profit margin is computed as net profit/loss by turnover of the company. Variation in ratios has been explained in the below commentary.
- Return on year end capital employed is computed as earnings before interest and tax by capital employed. There has been increase in EBIT from ₹ 4,823 lakhs in 2018-19 to ₹ 7,997 lakhs in 2019-20 on consolidated basis and EBIT loss of ₹ 861 lakhs in 2018-19 to ₹ 1,168 lakhs in 2019-20 on standalone basis.

### COMMENTARY ON FINANCIAL STATEMENTS

#### Share Capital

As at March 31, 2020, the issued, subscribed and paid-up share capital of the Company was ₹ 5,620,029,350 (Rupees Five hundred and sixty two crores, twenty nine thousand and three hundred and fifty only) divided into 562,002,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹ 10 (Rupees Ten only) each. The Company has not allotted equity shares in 2019-20.

#### Reserves and Surplus

##### Securities premium

On standalone and consolidated basis, the balance of security premium as at March 31, 2019 amounted to ₹ 26,705 lakhs. During the year 2019-20, ₹ 7 lakhs has been transferred to security premium on exercise of share options by employees. As at March 31, 2020, the balance of security premium was ₹ 26,712 lakhs.

##### Retained earnings

On a standalone basis, as at March 31, 2019, there was deficit balance in retained earnings amounting ₹ 15,684 lakhs. The deficit balance has increased to ₹ 36,325 lakhs as at March 31, 2020 on account of losses due to impairment of intangibles, impairment of investments and other exceptional items during the year 2019-20.

On a consolidated basis, as at March 31, 2019, there was surplus balance in retained earnings amounting ₹ 7,563 lakhs. As at March 31, 2020, there was deficit balance in retained earnings amounting ₹ 19,828 lakhs on account of losses due to impairment of goodwill and other exceptional items during the year 2019-20.

#### Exchange differences on translating the financial statements of a foreign operation.

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

During the year 2019-20, the balance of Foreign Currency Translation Reserve of ₹ 12,206 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 has reduced to ₹ 50,024 lakhs as at March 31, 2020, compared to ₹ 71,149 lakhs as at March 31, 2019, primarily on account of loss during the year and increase in treasury stock offset by ESOP reserve.

On a consolidated basis, the total equity attributable to equity holders of the Company has reduced to ₹ 51,539 lakhs as at March 31, 2020 from ₹ 79,410 lakhs as at March 31, 2019. The movement was primarily on account of loss during the year and increase in treasury

stock offset by ESOP reserve and exchange gain on foreign currency translation.

#### Employee Stock Options Plan

Under the Subex Employees Stock Option Scheme-2018 Company has granted 12,800,000 options during the year ended March 31, 2020 as compared to 10,650,000 options during March 31, 2019. The net amount carried in respect of stock options outstanding at March 31, 2020 amounts to ₹ 114 Lakhs (Previous year : ₹ 18 Lakhs).

#### Property, plant, equipment, right-of-use asset and other intangible assets

During the year, the Company added ₹ 273 Lakhs on consolidated basis and ₹ 2 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. Refer note 28 of consolidated financial statement and standalone financial statement for the impact of Ind AS 116 – Leases. As at March 31, 2020, the balance in right-of-use asset stands at ₹ 4,424 Lakhs on consolidated basis and ₹ 245 lakhs on standalone basis.

The Company's net block of property, plant and equipment, right-of-use asset and other intangible assets was ₹ 4,861 Lakhs (Previous year ₹ 547 Lakhs) on consolidated basis and ₹ 1,157 lakhs (Previous year ₹ 5,005 lakhs) on standalone basis.

#### Goodwill

On a consolidated basis, carrying value of goodwill as at March 31, 2020 and March 31, 2019 stood at ₹ 34,409 lakhs and ₹ 65,882 lakhs, respectively.

During the year, 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 had carried out the annual impairment exercise in respect of carrying value of goodwill and had made an impairment provision of ₹ 31,473 Lakhs towards carrying value of goodwill.

#### Investments

During the year, 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 in respect of its investment in Subex Assurance LLP and had made an impairment provision of ₹ 16,808 Lakhs towards its carrying value.

During the year 2019-20 and previous year 2018-19, there is no diminution in the carrying value of investment in Subex Digital LLP and 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, 2020, on a standalone basis trade receivable amounted to ₹ 915 lakhs (previous year; ₹842 lakhs) net of provision for doubtful debts of ₹ 2,262 lakhs (previous year; ₹ 2,255 lakhs).

On a consolidated basis trade receivable amounted to ₹ 9,206 lakhs (previous year ₹ 8,539 lakhs) net of provision for doubtful debts of ₹ 2,178 lakhs (previous year ₹ 1,789 lakhs).

#### Cash and Cash Equivalents

On a standalone basis, balance in current and deposit accounts stood at ₹ 392 lakhs as at March 31, 2020, as compared to ₹ 97 lakhs as at March 31, 2019.

On a consolidated basis, balance in current, EEFC and deposit accounts stood at ₹ 9,043 lakhs as at March 31, 2020 as compared to ₹ 3,947 lakhs as at March 31, 2019.

The Margin Money deposit was Nil as at March 31, 2020 (Previous Year: ₹ 418 Lakhs) on Standalone basis and ₹ 256 lakh (Previous Year: ₹ 672 Lakhs) on consolidated basis with the bankers for establishing bank guarantee.

#### Long-terms Loans and Advances

It represents rent deposit, electricity deposit, telephone deposits and employee advances of like nature.

#### Adoption of Ind AS 116 – Leases

Effective April 01, 2019, the Company adopted Ind AS 116 – Leases and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

On transition, the adoption of the new standard resulted in the recognition of ROU asset of ₹ 4,816 lakhs and ₹ 311 lakhs on a consolidated and standalone basis, respectively, and a lease liability of ₹ 5,052 lakhs and ₹ 326 lakhs on a consolidated and standalone basis, respectively. The cumulative effect of applying the standard, amounting ₹ 442 lakhs and ₹ 32 lakhs was debited to retained earnings, net of taxes on a consolidated and standalone basis, respectively. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 – Leases resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

#### 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.

### Other Income

Other income consists of income derived by the Company from insurance refund, refund of research and development expense, interest on deposits from banks.

### Expenditure

The employee benefits expenses decreased to ₹ 17,454 Lakhs compared to Previous year at ₹ 19,105 Lakhs on consolidated basis and decreased to ₹ 616 Lakhs compared to Previous year: ₹ 739 Lakhs on standalone basis. Decrease on consolidated basis is majorly on account of reduction in sales commission expense by ₹ 1,585 Lakhs.

### Operating Profits

During the year, on consolidated basis, the Company earned an Operating Profit before interest, depreciation, tax, amortization and exceptional items of ₹ 9,505 Lakhs being 26% of total revenue (Excluding other income) as against ₹ 5,306 Lakhs at 15% total revenue (Excluding other income) during the previous year. Increase is majorly on account of growth in revenue by 5%, i.e. ₹ 1,686 Lakhs, increase in forex gain by ₹ 716 Lakhs and decrease in sales commission expense by ₹ 1,585 Lakhs.

On a standalone basis, the Company incurred Operating Loss before Interest, depreciation, tax and exceptional items of ₹ 606 Lakhs (excluding other income and share of profit/loss from LLP's ) being 56% of total income (excluding other income and share of profit/loss from LLP's ) as against operating loss of ₹ 236 Lakhs at 12% during the previous year. Increase in losses is majorly on account of dip in revenue by ₹ 837 lakhs, compensated by reduction in employee cost by ₹ 123 lakhs, consultancy charges by ₹ 136 lakhs, rent by ₹ 117 lakhs and forex gain of ₹ 73 lakhs.

### Interest & Bank Charges

During the year ended March 31, 2020, company recognized interest and bank charges totaling to ₹ 564 Lakhs (Previous year: ₹ 216 Lakhs) on a consolidated basis and ₹ 32 lakhs (Previous year: ₹ 4 Lakhs) on a standalone basis.

For the year ended March 31, 2020, expenditure includes interest on Lease liability recognized as per Ind AS 116, Leases amounting ₹ 452 lakhs and ₹ 28 lakhs on a consolidated and standalone basis respectively.

### Depreciation

During the year ended March 31, 2020, depreciation expense amounted to ₹ 1,508 Lakhs (Previous year: ₹ 483 Lakhs) on consolidated basis and ₹ 562 Lakhs (Previous year: ₹ 625 Lakhs) on standalone basis.

For the year ended March 31, 2020, depreciation and amortization include depreciation on right of use asset recognized as per Ind AS 116, Leases amounting ₹ 1,116 lakhs and ₹ 66 lakhs on a consolidated and standalone basis respectively.

### Tax Expense

For the year ended March 31, 2020, tax expense was ₹ 118 lakhs (previous year: ₹ 2 lakhs) on a standalone basis.

Tax expense includes the provision of MAT credit entitlement of ₹ 425 Lakhs for considering the uncertainty as regards to its utilization, offset by reversal of provision on foreign withholding tax amounting ₹ 308 lakhs on account of favorable assessment order received during the year ended March 31, 2020 allowing foreign tax credit in respect of AY 2016-17.

On a consolidated basis, tax expense was ₹ 3,145 lakhs (previous year; ₹ 2,186 lakhs). Tax expense for the year March 31, 2020 includes tax charge of ₹ 117 lakhs, provision of MAT credit entitlement of ₹ 425 lakhs, deferred tax of ₹ 1,849 lakhs and provision on Foreign tax credit of ₹ 754 net of reversal of ₹ 308 lakhs on account of favorable assessment order received during the year ended March 31, 2020 allowing foreign tax credit in respect of AY 2016-17.

### Net Profit

On consolidated basis, the net loss of the Company amounted to ₹ 26,915 Lakhs (including exceptional loss of ₹ 31,766 lakhs majorly on account of impairment of goodwill) as against a net profit of ₹ 2,522 Lakhs during the previous year. Total Comprehensive loss for the year is ₹ 26,944 Lakhs as compared to the income of ₹ 2,094 Lakhs during previous year.

On standalone basis, the net loss of the Company amounted to ₹ 20,588 lakhs (including exceptional loss of ₹ 21,361 lakhs majorly on account of impairment of Intangibles and investments in subsidiaries) as against a net loss of ₹ 2,453 Lakhs during the previous year. Total Comprehensive loss for the year is ₹ 20,609 Lakhs as compared to loss of ₹ 2,456 Lakhs during previous year.

### Earnings per Share

Basic Earnings/(Loss) per share computed based on number of common stock outstanding, as on the Balance Sheet date is loss of ₹ 4.94 per share (Previous year: Earning of ₹ 0.45 per share) on a consolidated basis and a loss of ₹ 3.78 per share [Previous year: Loss of ₹ 0.44 per share] on a standalone basis.

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

#### Subexians

In the year gone by we focused on key areas or themes around which the Subexian's lifecycle is built. By focusing on these themes, which emerged from the E-SAT survey conducted at the beginning of the year, our endeavor was to enhance the Subexian experience throughout his/her lifecycle spanning recruitment, onboarding, performance, learning & growth and offboarding. These four key areas or themes were Leadership, Empowerment, Appreciation & Recognition and Career Development & Learning. Culturally 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 centers are our offices located in Bengaluru, London, Denver, Dubai and Singapore. As of March 31, 2020, we had 800+full time Subexians on our rolls globally.

Human Resources at Subex is centralized at our corporate headquarters in Bengaluru, with regional HR teams providing local support aligned to the global HR strategy. The function is a key enabler in the company's growth path by driving focused initiatives 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. Happy Feet, a day care facility within the premises for employees is a childcare facility we offer to young parents, which is being managed by a professional team. Given the pandemic situation we are faced with, we relooked at some of these policies, for the near to medium future, like widening the scope of Work from Home, to make it more positive, relevant and meaningful for Subexians.

As a significant step towards Subexian engagement, we established a robust Internal Communications channel for communication and engagement, through which all important company, business and employee messages have been delivered to all Subexians across the globe. The channel brings with it a mix of different platforms that provide timely communication and sustained engagement across all levels, and has created a significant impact in bringing Subexians closer and instilling a feeling of belonging. This impact was greatly felt towards that end of the year with COVID-19 hitting all of us. We constantly communicated with Subexians to allay any apprehensions due to fear and uncertainty they may have had, an in Subex facing this situation and their well-being. We received unanimous positive feedback on communications.

#### 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. Bertrand Le Roux (Regional Vice President – Sales, for Europe), Jim Bolzenius (Head Business Consulting – Americas), Sandeep Sudarshan (AVP Business Consulting for EMEA and APAC), Vijen Sewpersadh (Sales Director - Africa) are some of the key executives we have hired.

#### Recruitment

In the last year, we have streamlined the recruitment process to support Subex's growth plans. To add to the rigour 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 hire 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

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 with great appreciation from the new joiners. Through our noteworthy policies like pick up from home, seating desk allocation and laptop

/ desktop being made available immediately after the induction, the day one experience has always been one of our key differentiators. 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.

Towards the end of this year, despite the COVID-19 pandemic, we did not deter from our endeavor to provide a very good onboarding experience, and onboarded over 50 new Subexians completely online. This was done successfully and has helped in creating a positive Subexian experience right from the beginning.

#### 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 highperformance programs in the form of rewarding high performers with enhanced roles and incentive benefits. We launched a high-performance club with the objective of recognizing and encouraging high performers to further improve their capabilities and deepen their commitment to Subex. Members of this club are entitled to certain privileges like attendance to bespoke conferences and external learning sessions.

The ask from millennials and GenZs is to receive constant coaching and feedback. The Continuous Performance Management (CPM) programme we introduced last year continues and we enhanced some of the modules of this programme to increase the scope for all Subexians.

#### Learning & Growth

Learning & development analysis is a continuous process to align people skills with business goals.

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. And although a recognition program involves costs, the outcome is significant. Some of the advantages are –

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

- Acts as an allied HR process for meeting learning goals

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, 2020, the standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income/(Loss), 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, 2020, its loss including other comprehensive income/(loss), 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, 2020. 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
<p><b>Impairment assessment of Investments in Subsidiaries (as described in note 5 of the standalone Ind AS financial statements)</b></p> <p>As at March 31, 2020, the net carrying value of investment in wholly owned subsidiaries in the standalone Ind AS balance sheet amounts to ₹ 47,561 lakhs.</p> <p>As described in Note 5, an impairment provision of ₹ 16,808 lakhs has been made during the year towards the carrying value of investment in subsidiaries.</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, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation report/future business plans are reviewed and approved by the Audit Committee/ Board of Directors of the Company. In view of the COVID -19 pandemic, the management has reassessed its future business plans and key assumptions as at March 31, 2020 while assessing the adequacy of impairment provision.</p>	<p>Our audit procedures included the following:</p> <p>(i) We understood the Company's process for identification of indicators for impairment and evaluated the Company's internal controls over its impairment assessment of investment in subsidiaries. We understood the key assumptions applied by the management such as revenue growth, operating margins, discount rates and terminal growth rates in determining impairment;</p> <p>(ii) In respect of the external valuation specialist engaged by the management, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert;</p> <p>(iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert;</p> <p>(iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and</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, terminal growth etc.</p>	<p>(v) We assessed the disclosures made in the standalone Ind AS financial statements.</p>
<p><b>Potential liability in relation to tax litigations (as described in note 33 of the standalone Ind AS financial statements)</b></p>	
<p>The Company has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Company is contesting these demands.</p> <p>Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows.</p> <p>The evaluation of management's judgements in accordance with the requirements of Appendix C to Ind AS 12 on 'Uncertainty over Income tax treatments', supported by the assessments received from external tax specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases, time period for resolution have been a matter of significance during the audit and hence considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>(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;</p> <p>(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;</p> <p>(iii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management;</p> <p>(iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required in accordance with the requirements of Appendix C to Ind AS 12 which is supported by assessment reports from management's expert;</p> <p>(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</p> <p>(vi) We assessed the disclosures made in the standalone Ind AS financial statements.</p>

## Other Information

The Standalone 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. The reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 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.

## 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 income/(loss), 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, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income/(Loss), 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 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(b) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Rajeev Kumar**  
Partner  
Membership Number: 213803  
UDIN: 20213803AAAABE2926

Place of Signature: Bengaluru  
Date: May 11, 2020

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and intangible assets.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company. In respect of immovable properties of building that have been taken on lease and disclosed as Right of Use assets in the Standalone Ind AS Financial Statements, the lease agreements are in the name of the Company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans to directors including entities in which they are interested and in respect of loans and advances given, making investments and providing guarantees and securities, as applicable. In this regard, we also draw attention to note 33(b)(iii) to the Standalone Ind AS Financial Statements relating to amounts which were recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which has been settled during the year on execution of settlement agreement.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the products/ services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given by the management, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Disputed amount * (₹ in Lakhs)	Amount paid/ refund adjusted under protest (₹ in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Adjustment for transfer pricing, disallowances under section 10A and other disallowances	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
		10	-	2009-10	Commissioner of Income Tax (Appeals), Bangalore
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, 2020.

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by the way of initial public offer / further public offer (including debt instruments) and term loans during the year. Hence, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act. In this regard, we also draw attention to note 33(b)(iii) to the Standalone Ind AS Financial Statements relating to amounts which were recoverable from erstwhile directors of the Company towards excess managerial remuneration pertaining to the financial year 2012-13, which has been settled during the year on execution of settlement agreement.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the standalone balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given by the management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Rajeev Kumar**  
Partner  
Membership number: 213803  
UDIN: 20213803AAAABE2926

Place of Signature: Bengaluru  
Date: May 11, 2020

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

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

We have audited the internal financial controls over financial reporting of Subex Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

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

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

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

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

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

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

For **S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership number: 213803

UDIN: 20213803AAAABE2926

Place of Signature: Bengaluru

Date: May 11, 2020

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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.

# STANDALONE BALANCE SHEET

as at March 31, 2020

(₹ in Lakhs)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	12	18
Right-of-use assets	28	245	-
Intangible assets	4	900	4,987
<b>Financial assets</b>			
Investments	5	47,561	64,369
Loans	6	38	35
Other balances with banks	7	-	418
Other financial assets	10	-	234
Income tax assets (net)	11	2,900	2,730
Deferred tax asset (MAT credit entitlement)	12	-	425
Other non-current assets	13	267	281
		<b>51,923</b>	<b>73,497</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	6	7	4
Trade receivables	8	915	842
Cash and cash equivalents	9	392	97
Other financial assets	10	1,871	6
Other current assets	13	20	33
		<b>3,205</b>	<b>982</b>
<b>Total assets</b>		<b>55,128</b>	<b>74,479</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	56,200	56,200
Other equity	15	(6,176)	14,949
<b>Total equity</b>		<b>50,024</b>	<b>71,149</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	28	190	-
Provisions	19	3	1
		<b>193</b>	<b>1</b>

## STANDALONE BALANCE SHEET (contd.)

as at March 31, 2020

(₹ in Lakhs)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	28	82	-
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	16	5	1
- total outstanding dues of creditors other than micro enterprises and small enterprises	16	281	267
Other financial liabilities	17	4,401	2,658
Other current liabilities	18	22	17
Provisions	19	12	112
Income tax liabilities (net)	20	108	274
		4,911	3,329
<b>Total liabilities</b>		5,104	3,330
<b>Total equity and liabilities</b>		55,128	74,479
<b>Corporate information and significant accounting policies</b>	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For and on behalf of the Board of Directors

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

**Vinod Kumar Padmanabhan**  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

**Anil Singhvi**  
Chairman & Independent Director  
DIN : 00239589  
Place: Mumbai, India

per **Rajeev Kumar**  
Partner  
Membership No.: 213803

**Venkatraman G S**  
Chief Financial Officer  
Place: Bengaluru, India

**G V Krishnakanth**  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 11, 2020

Date: May 11, 2020

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(₹ in Lakhs)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>1</b>			
<b>Income</b>			
Revenue from operations	21	1,079	1,916
Share of profit from Limited Liability Partnerships before exceptional items (net)	22	1,889	-
Other income	23	202	10
<b>Total income</b>		<b>3,170</b>	<b>1,926</b>
<b>2</b>			
<b>Expenses</b>			
Employee benefits expense	24	616	739
Finance costs	25	32	4
Depreciation and amortization expense	26	562	625
Marketing and allied service charges [Refer note 31(iii)]		530	513
Exchange fluctuation (gain)/ loss (net)		(34)	39
Share of loss from Limited Liability Partnerships before exceptional items (net)	22	-	1,600
Other expenses	27	573	861
<b>Total expenses</b>		<b>2,279</b>	<b>4,381</b>
<b>3</b>			
<b>Profit/ (loss) before exceptional items and tax expense (1-2)</b>		<b>891</b>	<b>(2,455)</b>
<b>4</b>			
<b>Exceptional items</b>			
Provision no longer required written back		100	-
Impairment of intangible asset (Refer note 4)		(3,599)	-
Provision for claim settlement [Refer note 33 (iii)]		(1,054)	-
Share of loss from Subex Assurance LLP (Refer note 5)			
- Impairment of intangible assets and investment in subsidiary		(16,808)	-
<b>Total exceptional items</b>		<b>(21,361)</b>	<b>-</b>
<b>5</b>			
<b>Loss before tax expense (3+4)</b>		<b>(20,470)</b>	<b>(2,455)</b>
<b>6</b>			
<b>Tax expense (net):</b>	20		
Provision for MAT credit (Refer note 12)		425	-
Reversal - foreign withholding taxes (Refer note 20)		(307)	(2)
		<b>118</b>	<b>(2)</b>
<b>7</b>			
<b>Net loss for the year (5-6)</b>		<b>(20,588)</b>	<b>(2,453)</b>
<b>8</b>			
<b>Other comprehensive income/ (loss) ('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	(21)	(3)
<b>Total comprehensive income/ (loss)</b>		<b>(21)</b>	<b>(3)</b>
<b>9</b>			
<b>Total comprehensive income/ (loss) for the year attributable to equity holders of the Company (7+8)</b>		<b>(20,609)</b>	<b>(2,456)</b>
<b>10</b>			
<b>Basic and diluted loss per equity share [nominal value of share ₹ 10 (March 31, 2019 : ₹ 10)]</b>	29	<b>(3.78)</b>	<b>(0.44)</b>
Corporate information and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For and on behalf of the Board of Directors

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

**Vinod Kumar Padmanabhan**  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

**Anil Singhvi**  
Chairman & Independent Director  
DIN : 00239589  
Place: Mumbai, India

per **Rajeev Kumar**  
Partner  
Membership No.: 213803

**Venkatraman G S**  
Chief Financial Officer  
Place: Bengaluru, India

**G V Krishnakanth**  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 11, 2020

Date: May 11, 2020

# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

## A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2020	562,002,935	56,200

## 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, 2018	2,776	26,705	1,780	1	(13,228)	-	18,034
Less: Loss for the year	-	-	-	-	(2,453)	-	(2,453)
Less: Other comprehensive income/ (loss)	-	-	-	-	(3)	-	(3)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	(645)	(645)
Add: Share-based payments (refer note 34)	-	-	-	16	-	-	16
As at March 31, 2019	2,776	26,705	1,780	17	(15,684)	(645)	14,949
Less: Loss for the year	-	-	-	-	(20,588)	-	(20,588)
Less: Effect of adoption of Ind AS-116 Leases	-	-	-	-	(32)	-	(32)
Less: Other comprehensive income/ (loss)	-	-	-	-	(21)	-	(21)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	-	(611)	(611)
Add: Share-based payments (refer note 34)	-	-	-	102	-	-	102
Add/(less): On account of exercise of stock options	-	7	-	(5)	-	23	25
As at March 31, 2020	2,776	26,712	1,780	114	(36,325)	(1,233)	(6,176)

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

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

As per our report of even date

For and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Anil Singhvi  
Chairman & Independent Director  
DIN : 00239589  
Place: Mumbai, India

per Rajeev Kumar  
Partner  
Membership No.: 213803

Venkatraman G S  
Chief Financial Officer  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 11, 2020

Date: May 11, 2020

## STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2020

(₹ in Lakhs)

		Year ended March 31, 2020	Year ended March 31, 2019
(A)	<b>Operating activities</b>		
	Loss before tax expense	(20,470)	(2,455)
	Adjustments to reconcile loss before tax expense to net cash flows:		
	Depreciation of property, plant and equipment and right-of-use assets	74	17
	Amortization of intangible assets	488	608
	Expense on employee share based payments	7	16
	Interest income (including fair value changes)	(29)	(10)
	Finance costs (including fair value changes)	32	4
	Allowance for expected credit losses	12	35
	Amortized cost of deposits	-	4
	Share of profit/ (loss) (net) from Limited Liability Partnerships	(1,889)	1,600
	Impairment of intangibles and investment in subsidiary	20,407	-
	Provision no longer required written-back	(100)	-
	Advance recoverable written-off	234	-
	Net foreign exchange differences	(34)	7
	<b>Operating loss before working capital changes</b>	<b>(1,268)</b>	<b>(174)</b>
	<b>Working capital adjustments:</b>		
	(Increase)/ decrease in loans	(3)	5
	(Increase)/ decrease in trade receivables	57	488
	(Increase)/ decrease in other financial assets	1	-
	(Increase)/ decrease in other assets	9	31
	Increase/ (decrease) in trade payables	4	(155)
	Increase/ (decrease) in other financial liabilities	(9)	10
	Increase/ (decrease) in other current liabilities	5	(34)
	Increase/ (decrease) in provisions	(19)	(3)
		<b>(1,223)</b>	<b>168</b>
	Income tax paid (including TDS, net of refund)	(29)	(246)
	<b>Net cash flows used in operating activities</b>	<b>(1,252)</b>	<b>(78)</b>
(B)	<b>Investing activities</b>		
	Purchase of property, plant and equipment	(3)	(11)
	Proceeds from sale of property, plant and equipment	-	6
	Drawings from Limited Liability Partnerships	1,772	1,035
	Movement in margin money deposit (net)	418	(418)
	Purchase of treasury shares by ESOP trust	(611)	(645)
	Interest received	32	1
	<b>Net cash flows from/ (used in) investing activities</b>	<b>1,608</b>	<b>(32)</b>

## STANDALONE STATEMENT OF CASH FLOWS (contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

		Year ended March 31, 2020	Year ended March 31, 2019
(C)	<b>Financing activities</b>		
	Proceeds from exercise of ESOP	25	-
	Interest paid	(32)	(4)
	Repayment of Lease liability	(54)	-
	<b>Net cash flows used in financing activities</b>	<b>(61)</b>	<b>(4)</b>
(D)	<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>295</b>	<b>(114)</b>
	Cash and cash equivalents at the beginning of the year	97	211
(E)	<b>Cash and cash equivalents at year end (refer note 9)</b>	<b>392</b>	<b>97</b>

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

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

As per our report of even date

For and on behalf of the Board of Directors

For **S.R. Battiboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**Vinod Kumar Padmanabhan**

Managing Director & CEO

DIN : 06563872

Place: Bengaluru, India

**Anil Singhvi**

Chairman & Independent Director

DIN : 00239589

Place: Mumbai, India

per **Rajeev Kumar**

Partner

Membership No.: 213803

**Venkatraman G S**

Chief Financial Officer

Place: Bengaluru, India

**G V Krishnakanth**

Company Secretary

Place: Bengaluru, India

Place: Bengaluru, India

Date: May 11, 2020

Date: May 11, 2020

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 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 newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

These standalone financial statements for the year ended March 31, 2020 are approved by the Board of Directors on May 11, 2020.

## 2. Significant accounting policies

### a. Basis of preparation

The standalone financial statements of the Company have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the

Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

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

Subex Limited is the sponsoring entity of Employee Stock Option Plan ("ESOP") trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust 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.

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, upto the date of approval of these standalone Ind AS financial statements, in determining the possible impact from the COVID-19 pandemic. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone Ind AS financial statements and the Company will continue to closely monitor any material changes to its assessment of economic impact of COVID- 19 pandemic.

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## for the year ended March 31, 2020

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Also, refer note 2(h).

### Impairment of financial assets

In accordance with Ind AS 109, the Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

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

The Company provides for impairment of trade receivables and unbilled revenue based on assumptions about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Also, refer note 2(h).

### Defined benefit plans

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### c. Current/ non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

### d. Revenue recognition

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

The Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method.

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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 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 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 hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Computer software	4 years
Intellectual property rights	10 years

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

## h. Impairment

### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

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 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 Limited Liability Partnerships ('LLP') 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2020

expense on a straight-line basis over the lease term.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The effect of adoption of Ind AS 116 is as follows:

(₹ in Lakhs)

Impact on balance sheet [increase/ (decrease)]:

Assets	March 31, 2020	April 1, 2019
Right-of-use assets	245	311
Prepayments	(18)	(18)
	227	293
<b>Equity</b>		
Retained earnings	(32)	(32)
<b>Liabilities</b>		
Lease liabilities	272	326

Impact on statement of profit and loss [increase/ (decrease) in profit]:

	March 31, 2020
Depreciation and amortisation	(66)
Finance costs	(28)
Rent expenses	11
	(86)

Impact on statement of cash flows [increase/ (decrease)]:

	March 31, 2020
Operating lease payments	82
<b>Net cash flows from operating activities</b>	<b>82</b>
Payment of principal portion of lease liabilities	(28)
Payment of interest portion of lease liabilities	(54)
<b>Net cash flows from financing activities</b>	<b>(82)</b>

There is no material impact on the basic earnings per share.

#### k. Financial instruments

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

Financial assets and liabilities are recognised when the Company

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

#### Cash and cash equivalents

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

#### Financial assets at amortized cost

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

#### Financial assets at fair value through other comprehensive income

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

#### Financial assets at fair value through profit or loss

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

#### Financial liabilities

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

## Derecognition of financial assets and liabilities

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

## Reclassification of financial assets

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

## Offsetting of financial instruments

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

## Fair value of financial instruments

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

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

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

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

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

## Fair value hierarchy

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

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

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

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

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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### n. Employee share based payments

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

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

### o. Treasury shares

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

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

### p. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

#### Defined contribution plans

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

#### Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on projected unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses

on defined benefit plans recognised in OCI are not to be subsequently reclassified to the standalone statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to 'Surplus/ (deficit) in the statement of profit and loss'.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

#### Short-term employee benefits

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

#### Long-term employee benefits

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

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

### q. Foreign currencies

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

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

The Company's standalone financial statements are presented in INR (₹). The Company determines the functional currency as

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

INR on the basis of primary economic environment in which the entity operates.

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

### 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 situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax

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

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed

earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized. 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.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2020

resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

#### t. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

#### u. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

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

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Cost</b>					
As at April 1, 2018	60	1	13	4	78
Additions	12	-	-	-	12
Disposals	(1)	-	(11)	-	(12)
As at March 31, 2019	71	1	2	4	78
Additions	2	-	-	-	2
Disposals	-	-	-	-	-
As at March 31, 2020	73	1	2	4	80
<b>Depreciation</b>					
As at April 1, 2018	44	-	4	1	49
Charge for the year	14	-	2	1	17
Disposals	(1)	-	(5)	-	(6)
As at March 31, 2019	57	-	1	2	60
Charge for the year	6	-	1	1	8
Disposals	-	-	-	-	-
As at March 31, 2020	63	-	2	3	68
<b>Net block</b>					
As at March 31, 2019	14	1	1	2	18
As at March 31, 2020	10	1	-	1	12

### 4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights	Total
<b>Cost</b>			
As at April 1, 2018	130	6,078	6,208
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2019	130	6,078	6,208
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	130	6,078	6,208
<b>Amortization</b>			
As at April 1, 2018	130	483	613
Amortization for the year	-	608	608
Disposals	-	-	-
As at March 31, 2019	130	1,091	1,221

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 4. Intangible assets (contd.)

(₹ in Lakhs)

	Computer software	Intellectual property rights	Total
Amortization for the year	-	488	488
Disposals	-	-	-
Impairment during the year*	-	3,599	3,599
As at March 31, 2020	130	5,178	5,308
Net block			
As at March 31, 2019	-	4,987	4,987
As at March 31, 2020	-	900	900

\*As at December 31, 2019, 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 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. In view of the COVID -19 pandemic, the management has reassessed its projections and assumptions and has concluded that, the carrying value of intangible asset of ₹ 900 Lakhs as at March 31, 2020 is appropriate.

### 5. Investments

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Non-current		
Investments carried at cost		
<b>A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)</b>		
100 (March 31, 2019: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2019: ₹ 76,560 Lakhs)]*	936	936
4,999,994 (March 31, 2019: 4,999,994) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2019: ₹ 500 Lakhs)]	-	-
	936	936
<b>B. Investments in limited liability partnership firms (refer note 22 )</b>		
Investment in Subex Assurance LLP [Impairment on investment ₹ 16,808 Lakhs (March 31, 2019: Nil)]**	44,756	61,564
Investment in Subex Digital LLP*	1,869	1,869
	46,625	63,433
<b>Total Investments carried at cost (A+B)</b>	<b>47,561</b>	<b>64,369</b>
Aggregate amount of unquoted investments in subsidiaries	141,429	141,429
Aggregate amount of impairment on investments	93,868	77,060
	47,561	64,369

\* As at March 31, 2020, the Company has assessed the carrying value of the investment in its subsidiary, based on future operational plan, projected cash flows and valuation carried out by an external valuer, which has been approved by the Board of Directors. Considering the aforesaid valuation, the management is of the view that, the carrying value of the investment in its subsidiaries as at March 31, 2020 is appropriate.

\*\*As at December 31, 2019, 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 has carried out the annual impairment exercise in respect of its investment in subsidiary and basis valuation carried out by an external expert had made an impairment provision of ₹ 16,808 Lakhs towards the carrying value of investment in subsidiary. In view of the COVID -19 pandemic, the management has reassessed its projections and assumptions and has concluded that, the carrying value of its investment in subsidiary as at March 31, 2020 is appropriate.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 6. Loans

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Loan receivable</b>		
Unsecured, considered good		
Security deposit	38	35
Loan receivable - credit impaired		
Loans to related parties (refer note 31 and note 32)	1,706	1,706
	<b>1,744</b>	<b>1,741</b>
<b>Impairment Allowance for loan receivable</b>		
Loan Receivables - credit impaired		
Loans to related parties (refer note 31 and note 32)	(1,706)	(1,706)
<b>Total</b>	<b>38</b>	<b>35</b>
<b>Current</b>		
Unsecured, considered good		
Loans and advances to employees	7	4
<b>Total</b>	<b>7</b>	<b>4</b>

### 7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Other bank balances (refer note 9)		
Margin money deposits [refer note 33(iii)]	-	418
	<b>-</b>	<b>418</b>

### 8. Trade receivables\*

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>		
Trade receivables from related parties	500	430
Trade receivables from other than related parties	415	412
<b>Unsecured, credit impaired</b>		
Trade receivables from related parties	1,874	1,874
Trade receivables from other than related parties	388	381
<b>Total (a)</b>	<b>3,177</b>	<b>3,097</b>
<b>Impairment allowance (allowance for expected credit loss)</b>		
Receivable from related parties, credit impaired	(1,874)	(1,874)
Receivables from other than related parties, credit impaired	(388)	(381)
<b>Total (b)</b>	<b>(2,262)</b>	<b>(2,255)</b>
<b>Net Trade Receivables (a-b)</b>	<b>915</b>	<b>842</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, 2020

### 9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Balance with banks		
In current accounts	72	97
Deposits with original maturity of less than 3 months	320	-
	<b>392</b>	<b>97</b>
<b>Non-current</b>		
Other balances with banks		
Margin money deposits	-	418
	<b>-</b>	<b>418</b>
Less: Disclosed under other balances with banks (Non-current) (Refer note 7)	-	(418)
	<b>-</b>	<b>-</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.

### 10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Advance recoverable from former directors [refer note 33(iii)]	-	234
	<b>-</b>	<b>234</b>
<b>Current</b>		
Share of profit in excess of drawings from Subex Assurance LLP (also, refer note 31)	1,871	-
Interest accrued but not due on bank deposits	-	6
	<b>1,871</b>	<b>6</b>

### 11. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Advance income-tax [net of provision for taxation ₹ 995 Lakhs (March 31, 2019: ₹ 612 Lakhs)]	2,900	2,730
	<b>2,900</b>	<b>2,730</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 12. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Minimum alternative tax ('MAT') credit entitlement (refer note 20)	425	425
Less: Provision for MAT credit*	(425)	-
	-	425

\*During the year ended March 31, 2020, the MAT credit entitlement of ₹ 425 Lakhs has been provided for considering the uncertainty as regards to its utilisation.

### 13. Other assets

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Balance with statutory/ government authorities *	267	267
Advance recoverable in cash or kind		
Prepaid expenses**	-	14
	267	281
<b>Current</b>		
Balance with statutory/ government authorities	8	8
Advance recoverable in cash or kind		
Prepaid expenses**	4	9
Advance to suppliers	8	-
Expenses incurred on behalf of customers	-	16
	20	33

\* 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 is under dispute. The Company is contesting the same and the management including its tax advisors are confident of obtaining the refund.

\*\* Prepaid rent of ₹ 18 Lakhs has been reclassified to right-of-use asset pursuant to transition to Ind AS 116. Also, refer note 28.

### 14. Share capital

	No.	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2018	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2020	588,040,000	58,804

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 14. Share capital (contd.)

	No.	₹ in Lakhs
Preference shares of ₹ 98 each		
As at April 1, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	200,000	196
Increase during the year	-	-
As at March 31, 2020	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up *		
As at April 1, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2020	562,002,935	56,200

\* includes 243,207 (March 31, 2019: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

#### a) Terms/ rights attached to equity shares

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

The Company has not declared any dividend during the years ended March 31, 2020 and March 31, 2019.

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, 2020 and as at March 31, 2019, there is no individual shareholder or shareholder (together with 'Persons acting in concert') holding more than 5% shares of the Company.

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

	As at March 31, 2020	As at March 31, 2019
Outstanding employee stock options under below schemes granted/ available for grant (refer note 34):		
ESOP - III	-	6,125
ESOP - V	21,975,000	11,200,000
	21,975,000	11,206,125

#### d) Number of treasury shares outstanding

	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	11,200,000	-
Add: Additions during the year	10,775,000	11,200,000
Closing balance	21,975,000	11,200,000

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 15. Other equity

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Capital reserve		
Balance as per last financial statements	2,776	2,776
Add: Additions during the year	-	-
Closing balance	2,776	2,776
Securities premium		
Balance as per last financial statements	26,705	26,705
Add: On account of exercise of stock options	7	-
Closing balance	26,712	26,705
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	17	1
Add: Share-based payments	102	16
Less: On account of exercise of stock options	(5)	-
Closing balance	114	17
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(15,684)	(13,228)
Less: Loss for the year	(20,588)	(2,453)
Less: Effect of adoption of Ind AS-116 Leases	(32)	-
Less: OCI - Remeasurement loss on defined benefit obligations	(21)	(3)
Closing balance	(36,325)	(15,684)
Treasury Shares		
Balance as per last financial statements	(645)	-
Less: Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust	(611)	(645)
Add: On account of exercise of stock options	23	-
Closing balance	(1,233)	(645)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
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	26,712	26,705
Securities premium is used to record the premium on issue of shares and profit and loss on exercise of stock options held as treasury shares (refer note 34). The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013		
General reserve	1,780	1,780
This represents appropriation of profit by the Company		
Employee stock options reserve	114	17
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	(36,325)	(15,684)
This represents surplus/ (deficit) arising from operations of the Company		
Treasury Shares	(1,233)	(645)
This represents own equity shares that are acquired from open market for issuance to employees under ESOP scheme.		
<b>Total other equity</b>	<b>(6,176)</b>	<b>14,949</b>

### 16. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	5	1
- total outstanding dues of creditors other than micro enterprises and small enterprises**	281	267
	286	268

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 16. Trade payables (contd.)

#### \*Payable to micro and small enterprises

(₹ in Lakhs)

Description	As at March 31, 2020	As at March 31, 2019
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	5	1
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

\*\* 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, 2020	As at March 31, 2019
<b>Current</b>		
Share of loss from Subex Digital LLP*	4,351	2,363
Drawings in excess of share of profit from Subex Assurance LLP*	-	235
Employee related liabilities	48	57
Capital creditors	-	1
Advance from related parties*	2	2
	<b>4,401</b>	<b>2,658</b>

\* refer note 31

### 18. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Unearned revenue	1	-
Statutory dues	21	17
	<b>22</b>	<b>17</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 19. Provisions

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b)]	3	1
	<b>3</b>	<b>1</b>
<b>Current</b>		
Provisions for employee benefits		
Gratuity [refer note 35(b)]	3	-
Leave benefits	9	12
Provision for litigations [refer note 33(iii)]	-	100
	<b>12</b>	<b>112</b>

### 20. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Provision for tax [net of advance tax Nil (March 31, 2019: ₹ 234 Lakhs)]	-	150
Provision for foreign taxes	6	22
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2019: ₹ 62 Lakhs)]*	102	102
	<b>108</b>	<b>274</b>

\* 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, 2020	As at March 31, 2019
<b>Tax expense:</b>		
Provision for MAT credit (refer note 12)	425	-
Reversal - foreign withholding taxes*	(307)	(2)
	<b>118</b>	<b>(2)</b>

\*Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Company, which is net of reversal of ₹ 308 Lakhs considered no longer necessary on account of favourable assessment order received during the year allowing foreign tax credit in respect of AY 2016-17.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 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, 2020	As at March 31, 2019
Loss before tax expense	(20,470)	(2,455)
Applicable tax rates in India	34.94%	34.94%
Computed tax charge (A)	(7,153)	(858)
<b>Components of tax expense:</b>		
Provision for foreign withholding taxes (net)	(307)	(2)
Deferred tax asset not recognised on carry forward losses	7,153	858
Provision for MAT credit	425	-
Total adjustments (B)	7,271	856
Total tax expense (A+B)	118	(2)

### 21. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services	1,079	1,916
	1,079	1,916
Disaggregation of revenue		
Revenue by offering		
Managed services	-	44
Sub-contracting services (refer note 31)	1,079	1,872
	1,079	1,916

### 22. Share of profit/ (loss) from Limited Liability Partnerships before exceptional items (net)\*

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Share of profit from Subex Assurance LLP	3,878	165
Share of loss from Subex Digital LLP	(1,989)	(1,765)
	1,889	(1,600)

\* Refer note 5 and note 31.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 23. Other income

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Insurance claim	155	-
Interest income on:		
Security deposits	3	3
Bank deposits	26	7
Miscellaneous income	18	-
	202	10

### 24. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	574	684
Contribution to provident and other funds	21	24
Employee share based payments	7	16
Gratuity expense [refer note 35(b)]	4	4
Staff welfare expenses	10	11
	616	739

### 25. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on Lease liability	28	-
Bank charges	4	4
	32	4

### 26. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	8	17
Depreciation on right-of-use assets	66	-
Amortization of intangible assets	488	608
	562	625

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 27. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of hardware, software and support charges	8	4
Sub-contract charges	8	-
Rent	11	128
Power and fuel	15	16
Repairs and maintenance		
Building	6	7
Others	24	33
Insurance	8	8
Communication costs	16	13
Printing and stationery	10	13
Traveling and conveyance	79	102
Rates and taxes	91	68
Advertisement and business promotion	26	13
Consultancy charges	164	300
Payments to auditors [refer note 27(i)]	45	55
Allowance for expected credit loss (net)	12	35
Directors sitting fees (refer note 31)	50	56
Contribution towards corporate social responsibility	-	10
	573	861

### 27(i). Payments to auditors (excluding goods and services tax):

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>As auditor</b>		
Audit fee	35	48
Tax audit fee	1	1
<b>In other capacity</b>		
Other services (certification services)	7	3
Reimbursement of expenses	2	3
	45	55

### 28. Leases

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 28. Leases (contd.)

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 311 Lakhs and lease liability of ₹ 326 Lakhs has been recognised. The cumulative effect of applying the standard resulted in ₹ 32 Lakhs being debited to retained earnings, net of taxes. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The average incremental borrowing rate of 9.40% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

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 difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

(₹ in Lakhs)		
	Buildings	Total
Gross Carrying Value		
As at April 1, 2019	311	311
Additions during the year	-	-
Disposals during the year	-	-
As at March 31, 2020	311	311
Depreciation		
Charge for the year	66	66
Disposals	-	-
As at March 31, 2020	66	66
Net block		
As at March 31, 2020	245	245

The Company incurred ₹ 11 Lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ in Lakhs)	
	Lease Liabilities
As at April 1, 2019	326
Additions	-
Interest on lease liabilities	28
Payments	(82)
As at March 31, 2020	272
Current	190
Non-current	82

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 28. Leases (contd.)

The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

	Year ended March 31, 2020
Depreciation expense of right-of-use assets	66
Interest expense on lease liabilities	28
Expense relating to short-term leases (included in other expenses)	11
<b>Total amount recognised in statement profit or loss</b>	<b>105</b>

The Company had total cash outflows for leases of ₹ 82 Lakhs for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

### 29. Earnings/ (loss) per share

Basic earnings/ (loss) per share (EPS) amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

#### Computation of basic and diluted EPS:

	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value per equity share (₹ per share)	10	10
Loss attributable to equity shareholders (₹ in Lakhs)	(20,588)	(2,453)
Weighted average number of equity shares (No. in Lakhs)*	5,452	5,577
Basic and diluted loss per share (₹ per share)**	(3.78)	(0.44)

\*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, 2020 and as at March 31, 2019 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

### 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 30. Segment reporting (contd.)

Segment revenue by geographical location are as follows\*:

Region	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Americas	424	489
India	-	44
APAC	655	1,383
	<b>1,079</b>	<b>1,916</b>

\* 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, 2020 and March 31, 2019. Revenue from one of the subsidiary 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\*\*:

Region	(₹ in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
India	1,424	5,286
Outside India	-	-
<b>Total non-current operating assets</b>	<b>1,424</b>	<b>5,286</b>

\*\* Non-current operating assets includes Property, plant and equipment, Right-of-use assets, Other intangible assets and Balance with statutory/ government authorities and Prepaid expenses.

### 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 (incorporated w.e.f. February 13, 2020)

##### Trust which is consolidated

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 31. Related party transactions (contd.)

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

##### Key management personnel

Anil Singhvi	Chairman and Independent Director
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
George Zacharias	Independent Director (w.e.f. May 13, 2019)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f. April 1, 2018)
Shiva Shankar Naga Roddam	Whole-time Director & Chief Operating Officer (w.e.f. February 07, 2020)
Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018)
G V Krishnakanth	Company Secretary (w.e.f. July 10, 2018)
Ashwin Chalapathy	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Mehernaz Dalal	Chief Financial Officer (w.e.f. June 15, 2017 to November 30, 2018)

#### iii. Details of the transactions with the related parties during the year ended March 31, 2020:

##### A. Transactions with wholly owned subsidiaries

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income from software development and subcontracting services:</b>		
Subex Inc.	424	489
Subex (Asia Pacific) Pte. Limited	655	1,383
	<b>1,079</b>	<b>1,872</b>
<b>Marketing and allied service charges:</b>		
Subex (UK) Limited	-	1
Subex Inc.	528	512
Subex (Asia Pacific) Pte. Limited	2	-
	<b>530</b>	<b>513</b>
<b>Employee Stock Option expenses allocated to:</b>		
Subex Assurance LLP	84	-
Subex Digital LLP	10	-
	<b>94</b>	<b>-</b>
<b>Reimbursement of expenses incurred by Subex Limited on behalf of its subsidiaries:</b>		
Subex Assurance LLP	106	118
Subex Digital LLP	10	10
Subex (Asia Pacific) Pte. Limited	16	12
	<b>132</b>	<b>140</b>
<b>Reimbursement of expenses incurred by the subsidiaries on behalf of Subex Limited:</b>		
Subex Assurance LLP	17	202
Subex (Asia Pacific) Pte. Limited	15	78
Subex (UK) Limited	1	1
Subex Inc.	1	-
	<b>34</b>	<b>281</b>
<b>Drawings during the year from Limited Liability Partnership:</b>		
Subex Assurance LLP	1,772	1,035
	<b>1,772</b>	<b>1,035</b>
<b>Loan given to Subex Employee Welfare and ESOP Benefit Trust</b>		
	611	645
	<b>611</b>	<b>645</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 31. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Loan repaid by Subex Employee Welfare and ESOP Benefit Trust	25	-
	25	-
Advance received		
Subex Assurance LLP	-	2
	-	2
Share of profit/(loss) from Limited Liability Partnerships before exceptional items :		
Subex Assurance LLP	3,878	165
Subex Digital LLP	(1,989)	(1,765)
	1,889	(1,600)
Share of profit/(loss) from Subex Assurance LLP on account of :		
-Impairment of intangible assets and Investment in subsidiary	(16,808)	-
	(16,808)	-

### B. Transactions with key managerial personnel

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Salary and perquisites*		
Vinod Kumar Padmanabhan **	57	57
Venkatraman G S **	67	31
G V Krishnakanth **	50	24
Mehernaz Dalal	-	63
	174	175
Director sitting fees		
Anil Singhvi	19	24
Nisha Dutt	10	14
Poornima Prabhu	17	18
George Zacharias	4	-
	50	56

\* 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, 2020, the Company has granted 18 lakhs ESOPs (March 31, 2019 : 25 Lakhs ESOPs) to certain key management personnel under ESOP 2018 scheme, which includes options granted to key management personnel of subsidiaries. Of the aforesaid ESOPs, 425,000 options has been exercised during the year. Refer note 34.

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

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2019: ₹ 1,841 Lakhs)]	-	-
Subex Inc.	182	87
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 34 Lakhs (March 31, 2019: ₹ 34 Lakhs)]	259	337
Subex Assurance LLP	46	6
Subex Digital LLP	13	-
	500	430

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 31. Related party transactions (contd.)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Trade payables</b>		
Subex (UK) Limited	1	1
Subex Inc.	181	127
Subex (Asia Pacific) Pte. Limited	15	76
Subex Assurance LLP	1	1
	<b>198</b>	<b>205</b>
<b>Loans receivable</b>		
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2019: ₹ 1,706 Lakhs)]	-	-
	-	-
<b>Advance from related parties</b>		
Subex Assurance LLP	2	2
	<b>2</b>	<b>2</b>
<b>Current financial assets</b>		
Share of profit from investment in Subex Assurance LLP	1,871	-
	<b>1,871</b>	-
<b>Current financial liabilities</b>		
Share of loss from investment in Subex Digital LLP	4,351	2,363
Drawings in excess of share of profit from Subex Assurance LLP	-	235
	<b>4,351</b>	<b>2,598</b>
<b>Outstanding guarantees given to</b>		
Subex Assurance LLP [refer note 33(iv)]	-	4,500
	-	<b>4,500</b>

Also, refer note 33(v) for comfort letter given to subsidiaries.

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

Loans and advances given to wholly owned subsidiaries:

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Outstanding Amount	Maximum balance outstanding during the year	Outstanding Amount	Maximum balance outstanding during the year
Subex Technologies Limited*	1,706	1,706	1,706	1,706
	<b>1,706</b>		<b>1,706</b>	

\* Loans and advances to Subex Technologies Limited is provided for as at March 31, 2020: ₹ 1,706 Lakhs (March 31, 2019: ₹ 1,706 Lakhs).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 33. Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Income tax demands [refer note (i)]	2,317	10,952
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	-	1,293
Corporate guarantee issued by the Company [refer note (iv)]	-	4,500

#### i. Income tax

The Company has received assessment orders in respect of each of the financial years 2009-10, 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 demands of Subex Limited, the Company has paid ₹ 995 lakhs.

#### 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. Others

The Company had received certain claims from its former MD & CEO and former COO for an amount of ₹ 1,293 Lakhs (March 31, 2019: ₹ 1,293 Lakhs). The Company disputed the said claims and had also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2019: ₹ 124 Lakhs) paid to the aforementioned ex-employees during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 and other advances paid during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2019: ₹ 110 Lakhs).

On January 23, 2020, the Company had entered into a settlement agreement with the ex-employees in respect of these long drawn litigations and has paid an amount of ₹ 820 Lakhs (net of ₹ 234 Lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation is amicably settled and the related bank guarantee of ₹ 418 Lakhs is released.

#### iv. Corporate Guarantee

The Company had given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of Nil (March 31, 2019: ₹ 4,500 Lakhs) for the purpose of availing of working capital loan facilities by the said subsidiary.

#### v. The Company has issued comfort letter to provide continued financial support to its subsidiaries viz., Subex Americas Inc. and Subex Digital LLP.

### 34. Employee stock options plans ('ESOPs')

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 34. Employee stock options plans ('ESOPs') (contd.)

During the previous year, 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 providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares recognised at cost and deducted from other equity.

The Nomination and Remuneration Committee of the Company in their meeting held on February 7, 2020 granted 12,800,000 options under approved ESOP V scheme to the eligible employees. Total options granted till March 31, 2020 under the said scheme are 22,400,000. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

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

	2019-20		2018-19	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	10,650,000	6.00	-	-
Exercised during the year				
ESOP – V	425,000	6.00	-	-
Granted during the year				
ESOP – V	12,800,000	6.00	10,650,000	6.00
Cancelled, surrendered or lapsed during the year				
ESOP – III	6,125	13.74	17,930	19.78
ESOP – V	1,050,000	6.00	-	-
Options outstanding at the end of the year				
ESOP – III	-	-	6,125	13.74
ESOP – V	21,975,000	6.00	10,650,000	6.00
Options exercisable at the end of the year				
ESOP – III	-	-	6,125	13.74
ESOP – V	4,375,000	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 (₹)	
	2019-20	2018-19	2019-20	2018-19
ESOP – III	-	0.46	-	10.26 - 24.99
ESOP – V	2.94	3.35	6.00	6.00

\* considering vesting and exercise period

#### Fair value methodology

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

Particulars	March 31, 2020	March 31, 2019
Risk-free interest rate	6.70%	6.90%
Expected volatility of share	41.00%	50.00%
Expected life (years)	2	2
Weighted average fair value as on grant date (₹)	1.23	1.46

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 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 ₹ 20 Lakhs (March 31, 2019: ₹ 23 Lakhs) for Provident Fund contributions.

#### b) Gratuity

The Company offers Gratuity benefits to employees, a defined benefit plan. Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

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

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>A. Change in defined benefit obligation</b>		
Obligations at beginning of the year	20	22
Service cost	4	4
Interest cost	1	1
Benefits settled	(21)	(10)
Actuarial loss (through OCI)	21	3
<b>Obligations at end of the year</b>	<b>25</b>	<b>20</b>
<b>B. Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	19	18
Expected return on plan assets	1	1
Contributions	20	10
Benefits settled	(21)	(10)
<b>Plan assets at the end of the year</b>	<b>19</b>	<b>19</b>
Present value of defined benefit obligation at the end of the year	(25)	(20)
Fair value of plan assets at the end of the year	19	19
<b>C. Net liability recognised in the standalone balance sheet</b>	<b>(6)</b>	<b>(1)</b>

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>D. Expenses recognised in the standalone statement of profit and loss:</b>		
Service cost	4	4
Interest cost (net)	-	-
<b>Net gratuity cost</b>	<b>4</b>	<b>4</b>
<b>E. Re-measurement gains/ (losses) in OCI</b>		
Actuarial (loss)/ gain due to financial assumption changes	-	-
Actuarial (loss)/ gain due to experience adjustments	(21)	(3)
Actuarial (loss)/ gain - return on plan assets greater than discount rate	-	-
<b>Total expenses recognised through OCI</b>	<b>(21)</b>	<b>(3)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 35. Employee benefit plans (contd.)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>F. Assumptions</b>		
Discount rate	6.41%	7.30%
Expected return on plan assets	7.30%	7.60%
Salary escalation	7.00%	8.00%
Attrition rate	18.00%	18.00%
Retirement age	60 years	60 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by Indian Assured Lives Mortality (2012-14) [March 31, 2019: Indian Assured Lives Mortality (2006-08)].

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>G Five years pay-outs</b>		
Year 1	3	-
Year 2	3	3
Year 3	3	3
Year 4	3	3
Year 5	3	3
After 5th Year	20	18
<b>H. Contribution likely to be made for the next one year</b>	3	-

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

I. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2020	As at March 31, 2019
Investment with insurer	100%	100%

J. Sensitivity analysis

(₹ in Lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	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)	(0.57)	0.60	(0.48)	0.50
Effect of change in salary				
Impact on defined benefit obligation increase/ (decrease)	1.19	(1.11)	0.99	(0.93)
Effect of change in withdrawal assumption				
Impact on defined benefit obligation increase/ (decrease)	(0.84)	(1.01)	(0.94)	1.09

K. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2019: 6 years).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 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. The Company does not have any long term debts hence there is no capital gearing ratio. Surplus fund has been invested into risk free highly liquid financial instruments.

#### 37. Fair value hierarchy

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial assets measured at amortized cost</b>		
Share of profit in excess of drawings from Subex Assurance LLP*	1,871	-
Interest accrued but not due on bank deposits*	-	6
Trade receivables*	915	842
Security deposits^	38	35
Loans and advances to employees*	7	4
	<b>2,831</b>	<b>887</b>
<b>Cash and cash equivalents and other balances with banks</b>		
Balance with banks	392	97
Margin money deposits	-	418
	<b>392</b>	<b>515</b>
<b>Financial liabilities measured at amortized cost</b>		
Employee related liabilities*	48	57
Trade payables*	286	268
Capital creditors*	-	1
Advance from related party*	2	2
Share of Loss from investment in Subex Digital LLP*	4,351	2,363
Drawings in excess of share of profit from Subex Assurance LLP*	-	235
Lease Liabilities^	272	-
	<b>4,959</b>	<b>2,926</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.

^ 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.

#### 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 38. Financial risk management (contd.)

#### i. Credit risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

##### a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

##### b. Credit risk exposure

The Company's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Company is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	915	842
<b>Total</b>	<b>915</b>	<b>842</b>

The movement in credit loss allowance on customer balance is as follows :

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Opening balance	2,255	2,228
Add: Provided during the year	12	35
Less: Bad-debts written-off	(18)	(9)
Add: Translation difference	13	1
<b>Closing balance</b>	<b>2,262</b>	<b>2,255</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, 2020 and as at March 31, 2019. 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, 2020	As at March 31, 2019
Cash and cash equivalents	392	97
	<b>392</b>	<b>97</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 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
<b>As at March 31, 2020</b>					
Trade payables	50	232	4	-	286
Lease Liability*	-	41	41	243	325
Other financial liabilities	-	4,401	-	-	4,401
	<b>50</b>	<b>4,674</b>	<b>45</b>	<b>243</b>	<b>5,012</b>
<b>As at March 31, 2019</b>					
Trade payables	50	218	-	-	268
Other financial liabilities	-	60	2,598	-	2,658
	<b>50</b>	<b>278</b>	<b>2,598</b>	<b>-</b>	<b>2,926</b>

\*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, 2020

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
<b>Financial assets</b>				
Trade receivables	392	259	1	652
<b>Total financial assets</b>	<b>392</b>	<b>259</b>	<b>1</b>	<b>652</b>
<b>Financial liabilities</b>				
Trade payables	182	15	1	198
<b>Total financial liabilities</b>	<b>182</b>	<b>15</b>	<b>1</b>	<b>198</b>
<b>Net financial assets/ (liabilities)</b>	<b>210</b>	<b>244</b>	<b>-</b>	<b>454</b>

March 31, 2019

(₹ in Lakhs)

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

#### Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the loss before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.42% (March 31, 2019: 0.19%).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2020

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, 2020, considering losses incurred in past years, the Company does not have the obligation to incur expenses in relation to CSR.

Amount spent during the previous year ended March 31, 2019

(₹ in Lakhs)

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

40. 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, 2020 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.
41. The Board of Directors in its meeting held on February 07, 2020, has 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. Subject to the consent of the Shareholders and the approval from NCLT and other statutory authorities as and where applicable, the Accumulated Losses of ₹ 38,401 Lakhs as at December 31, 2019 shall be written off against the paid-up share capital of the Company for an amount of ₹ 28,100 Lakhs by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and Securities Premium Account balance for an amount of ₹ 10,301 lakhs.
42. 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, upto the date of approval of these standalone Ind AS financial statements, in determining the possible impact from the COVID-19 pandemic. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone Ind AS financial statements and the Company will continue to closely monitor any material changes to its assessment of economic impact of COVID- 19 pandemic.

As per our report of even date

For and on behalf of the Board of Directors

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 11, 2020

**Vinod Kumar Padmanabhan**

Managing Director & CEO

DIN : 06563872

Place: Bengaluru, India

**Venkatraman G S**

Chief Financial Officer

Place: Bengaluru, India

Date: May 11, 2020

**Anil Singhvi**

Chairman & Independent Director

DIN : 00239589

Place: Mumbai, 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)

Sl.No	1	2	3	4	5	6	7	8	9
Name of the Subsidiary	Subex (Asia 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, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Reporting Currency	SGD	GBP	USD	USD	INR	AED	BDT	INR	INR
Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiaries	53.03	93.50	75.67	75.67	1	20.60	0.86038	1	1
Share Capital/ Partners Capital	3,986	41	49,806	-	500	27	-	46,627	(2,483)
Reserve & Surplus	(3,171)	4,853	(50,140)	(2,244)	(481)	117	11	-	-
Total Assets	2,249	10,693	675	2,938	83	2,136	401	54,674	1,572
Total Liabilities	1,434	5,799	1009	5,182	64	1,992	390	8,047	4,055
Investments	-	4,482	-	-	-	-	-	20,691	-
Turnover*	3,064	21,759	2,459	9,580	-	2,433	382	32,965	882
Profit/ (loss) before Taxation	100	1,604	664	1,088	(4)	35	11	(11,516)	(1,989)
Profit/ (loss) after Taxation	19	1,113	664	1,074	(4)	15	11	(12,930)	(1,989)
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

Anil Singhvi  
Chairman & Independent Director  
DIN : 00239589  
Place: Mumbai, India

Venkatraman G S  
Chief Financial Officer  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

Date: May 11, 2020

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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 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, 2020, their consolidated loss 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, 2020. 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 and recoverability of trade receivables and unbilled revenue</b> (as described in note 22, 8 and 10 of the consolidated Ind AS financial statements)</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 and monitoring of trade receivables and unbilled revenue;</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>

<p>The recoverability of trade receivables and unbilled revenue balances is a key element of the Group's working capital management. The Group has determined the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions, while taking into account possible impact from the COVID -19 pandemic.</p> <p>We focused on this risk as the balances are material and there are significant judgments involved in assessing recoverability of trade receivables and unbilled revenue balances.</p>	<p>(iii) Tested evidence of license delivery and customer acceptance and performed cut-off procedures;</p> <p>(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;</p> <p>(v) We performed procedures on sample basis of obtaining trade receivable confirmations independently, checked subsequent to year end collections and inquired with management about the recoverability status of receivables and unbilled revenue;</p> <p>(vi) We evaluated management's assumptions used to determine the trade receivables and unbilled revenue impairment amount, through detailed analysis of ageing and assessment of material overdue individual balances;</p> <p>(vii) We tested the mathematical accuracy and computation of the allowances on expected credit losses by using the same input data used by the Group; and</p> <p>(viii) We assessed the disclosures in the consolidated Ind AS financial statements.</p>
<p><b>Impairment assessment of Goodwill</b> (as described in note 5 of the consolidated Ind AS financial statements)</p>	
<p>As at March 31, 2020, 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>As described in Note 5, an impairment provision of ₹ 31,473 Lakhs has been made during the year towards the carrying value of goodwill.</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, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation reports/future business plans are reviewed and approved by the Audit Committee/Board of Directors of the Holding Company. In view of the COVID -19 pandemic, the management has reassessed its future business plans and key assumptions as at March 31, 2020 while assessing the adequacy of impairment provision.</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> <p>(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;</p> <p>(ii) In respect of the external valuation specialist engaged by the Group, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert;</p> <p>(iii) We tested the key assumptions and considered the sensitivity scenarios performed by management's expert;</p> <p>(iv) We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and</p> <p>(v) We assessed the disclosures made in the consolidated Ind AS financial statements.</p>
<p><b>Potential liability in relation to tax litigations</b> (as described in note 32 of the consolidated Ind AS financial statements)</p>	
<p>The Group has received certain demand orders and notices relating to Income Tax and Service Tax matters. The Group is contesting these demands.</p> <p>Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows.</p> <p>The evaluation of management's judgements in accordance with the requirements of Appendix C to Ind AS 12 on 'Uncertainty over Income tax treatments', supported by the assessments received from external tax specialists ('management's expert'), including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, complexity of the cases and time for resolution have been a matter of significance during the audit and hence considered as a key audit matter.</p>	<p>Our audit procedures include the following:</p> <p>(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;</p> <p>(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;</p> <p>(iii) We obtained details of completed tax assessments, demands issued by tax authorities, orders/notices received with respect to other litigations from the management;</p> <p>(iv) We held discussions with management to understand their assessment of the quantification and likelihood of significant exposures and the provision required in accordance with the requirements of Appendix C to Ind AS 12 which is supported by assessment reports from management's expert;</p> <p>(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</p> <p>(vi) We assessed the disclosures in the consolidated Ind AS financial statements.</p>

### 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. The reports are expected to be made available to us after the date of this auditor's report.

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.

### 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 financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income/(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 as on March 31, 2020, taken on record by the Board of Directors of the Holding Company and its Subsidiary Company, none of the directors of the Holding Company and its Subsidiaries, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its Subsidiary Company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020, 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 32 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020; 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, 2020.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 20213803AAAABF4017

Place of Signature: Bengaluru

Date: May 11, 2020

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of Subex Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Subex Limited (hereinafter referred to as the "Holding Company") and its Subsidiary Company, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively

in all material respects.

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

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

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

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

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

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

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 20213803AAAABF4017

Place of Signature: Bengaluru

Date: May 11, 2020

### Opinion

In our opinion, the Holding Company and its Subsidiary Company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, 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.

**CONSOLIDATED BALANCE SHEET**

as at March 31, 2020

(₹ in Lakhs)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	434	540
Right-of-use assets	28	4,424	-
Goodwill on consolidation	5	34,409	65,882
Other intangible assets	4	3	7
<b>Financial assets</b>			
Loans	6	533	503
Other balances with banks	7	189	420
Other financial assets	10	-	234
Income tax assets (net)	11	3,305	3,039
Deferred tax assets (including MAT credit entitlement)	12	262	624
Other non-current assets	13	267	478
		<b>43,826</b>	<b>71,727</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	6	104	121
Trade receivables	8	9,206	8,539
Cash and cash equivalents	9	9,043	3,947
Other balances with banks	7	67	252
Other financial assets	10	5,264	4,537
Other current assets	13	588	526
		<b>24,272</b>	<b>17,922</b>
<b>Total assets</b>		<b>68,098</b>	<b>89,649</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	56,200	56,200
Other equity	15	(4,661)	23,210
<b>Total equity</b>		<b>51,539</b>	<b>79,410</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease Liabilities	28	3,458	-
Provisions	19	355	305
Deferred tax liabilities (net)	20	3,774	1,928
		<b>7,587</b>	<b>2,233</b>

# CONSOLIDATED BALANCE SHEET (contd.)

as at March 31, 2020

(₹ in Lakhs)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Lease Liabilities	28	1,409	-
Trade payables	16		
- total outstanding dues of micro enterprises and small enterprises		41	7
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,605	827
Other financial liabilities	17	2,212	2,961
Other current liabilities	18	2,342	2,452
Provisions	19	649	729
Income tax liabilities (net)	21	714	1,030
		<b>8,972</b>	<b>8,006</b>
<b>Total liabilities</b>		<b>16,559</b>	<b>10,239</b>
<b>Total equity and liabilities</b>		<b>68,098</b>	<b>89,649</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 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 & Independent Director  
DIN : 00239589  
Place: Mumbai, India

per **Rajeev Kumar**  
Partner  
Membership No.: 213803

**Venkatraman G S**  
Chief Financial Officer  
Place: Bengaluru, India

**G V Krishnakanth**  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 11, 2020

Date: May 11, 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(₹ in Lakhs)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>1</b>			
<b>Income</b>			
Revenue from operations	22	36,498	34,812
Other income	23	563	101
<b>Total income</b>		<b>37,061</b>	<b>34,913</b>
<b>2</b>			
<b>Expenses</b>			
Employee benefits expense	24	17,454	19,105
Finance costs	25	564	216
Depreciation and amortization expense	26	1,508	483
Exchange fluctuation gain (net)		(887)	(171)
Other expenses	27	10,426	10,572
<b>Total expenses</b>		<b>29,065</b>	<b>30,205</b>
<b>3</b>			
<b>Profit before exceptional items and tax expense (1-2)</b>		<b>7,996</b>	<b>4,708</b>
<b>4</b>			
<b>Exceptional items</b>			
Impairment of goodwill (Refer note 5)		(31,473)	-
Provision no longer required written back		761	-
Provision for claim settlement [Refer note 32(iii)]		(1,054)	-
<b>Total exceptional items</b>		<b>(31,766)</b>	<b>-</b>
<b>5</b>			
<b>(Loss)/ profit before tax expense (3+4)</b>		<b>(23,770)</b>	<b>4,708</b>
<b>6</b>			
<b>Tax expense (net):</b>	<b>21</b>		
Current tax charge		117	274
Provision for MAT credit (Refer note 12)		425	-
Provision - foreign withholding taxes (net)		754	885
Deferred tax charge (net)		1,849	1,027
		3,145	2,186
<b>7</b>			
<b>(Loss)/ profit for the year (5-6)</b>		<b>(26,915)</b>	<b>2,522</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/ (loss) on translation of foreign operations		5	(390)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement loss on defined benefit plans	34	(34)	(38)
<b>Total comprehensive income/ (loss)</b>		<b>(29)</b>	<b>(428)</b>
<b>9</b>			
<b>Total comprehensive income/ (loss) for the year attributable to equity holders of the Company (7+8)</b>		<b>(26,944)</b>	<b>2,094</b>
<b>10</b>			
<b>Basic and diluted (loss)/ earnings per equity share [nominal value of share ₹ 10 (March 31, 2019 : ₹ 10)]</b>	<b>29</b>	<b>(4.94)</b>	<b>0.45</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 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 & Independent Director

DIN : 00239589

Place: Mumbai, India

per Rajeev Kumar

Partner

Membership No.: 213803

Venkatraman G S

Chief Financial Officer

Place: Bengaluru, India

G V Krishnakanth

Company Secretary

Place: Bengaluru, India

Place: Bengaluru, India

Date: May 11, 2020

Date: May 11, 2020

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

### A. Equity share capital (refer note 14):

	No.	₹ in Lakhs
Equity shares of ₹ 10 each issued, subscribed and fully paid-up		
As at April 1, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2020	562,002,935	56,200

### B. Other equity (refer note 15):

(₹ in Lakhs)

Particulars	Attributable to equity holders of the Company						Total
	Reserves and Surplus					OCI	
	Securities premium	General reserve	Employee stock options reserve	(Deficit)/ surplus in the statement of profit and loss	Treasury Shares	Exchange reserve on consolidation	
As at April 1, 2018	26,705	1,780	2	5,079	-	(11,821)	21,745
Add: Profit for the year	-	-	-	2,522	-	-	2,522
Less: Other comprehensive income/ (loss)	-	-	-	(38)	-	(390)	(428)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	(645)	-	(645)
Add: Share-based payments (refer note 33)	-	-	16	-	-	-	16
As at March 31, 2019	26,705	1,780	18	7,563	(645)	(12,211)	23,210
Less: Loss for the year	-	-	-	(26,915)	-	-	(26,915)
Less: Transition impact of Ind AS 116 - Leases, net of tax	-	-	-	(442)	-	-	(442)
Less/ Add: Other comprehensive income/ (loss)	-	-	-	(34)	-	5	(29)
Less: Equity shares purchased by Subex Employee Welfare and Employee Stock Option Plan ("ESOP") Benefit Trust	-	-	-	-	(611)	-	(611)
Add: Share-based payments (refer note 33)	-	-	101	-	-	-	101
Add/(less): On account of exercise of stock options	7	-	(5)	-	23	-	25
As at March 31, 2020	26,712	1,780	114	(19,828)	(1,233)	(12,206)	(4,661)

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 and on behalf of the Board of Directors

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

Vinod Kumar Padmanabhan  
Managing Director & CEO  
DIN : 06563872  
Place: Bengaluru, India

Anil Singhvi  
Chairman & Independent Director  
DIN : 00239589  
Place: Mumbai, India

per Rajeev Kumar  
Partner  
Membership No.: 213803

Venkatraman G S  
Chief Financial Officer  
Place: Bengaluru, India

G V Krishnakanth  
Company Secretary  
Place: Bengaluru, India

Place: Bengaluru, India  
Date: May 11, 2020

Date: May 11, 2020

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2020

(₹ in Lakhs)

		Year ended March 31, 2020	Year ended March 31, 2019
(A)	<b>Operating activities</b>		
	(Loss)/ profit before tax expense	(23,770)	4,708
	Adjustments to reconcile (loss)/ profit before tax expense to net cash flows:		
	Depreciation of property, plant and equipment and right-of-use assets	1,503	427
	Amortization of intangible assets	5	56
	Gain on disposal of property, plant and equipment (net)	-	(3)
	Interest income (including fair value changes)	(156)	(75)
	Finance costs (including fair value changes)	564	216
	Allowance for expected credit losses	289	459
	Expense on share based payment	101	16
	Amortized cost of deposits	-	59
	Write-off of deposits	-	7
	Gain on modification of leases	(6)	-
	Provision no longer required written back	(761)	-
	Advance recoverable written-off	234	-
	Impairment of goodwill	31,473	-
	Net foreign exchange differences	(744)	(328)
	<b>Operating profit before working capital changes</b>	<b>8,732</b>	<b>5,542</b>
	<b>Working capital adjustments</b>		
	(Increase)/ decrease in loans	52	(10)
	(Increase)/ decrease in trade receivables	(181)	554
	(Increase)/ decrease in other financial assets	(718)	391
	(Increase)/ decrease in other assets	(2)	27
	Increase/ (decrease) in trade payables	643	(489)
	Increase/ (decrease) in other financial liabilities	(669)	1,358
	Increase/ (decrease) in other current liabilities	328	(844)
	Increase/ (decrease) in provisions	(17)	(27)
		<b>8,168</b>	<b>6,502</b>
	Income tax paid (including TDS, net of refund)	(1,457)	(1,044)
	<b>Net cash flows from operating activities</b>	<b>6,711</b>	<b>5,458</b>
(B)	<b>Investing activities</b>		
	Purchase of property, plant and equipment	(353)	(235)
	Proceeds from sale of property, plant and equipment	-	11
	Movement in margin money deposit (net)	426	(296)
	Purchase of treasury shares by ESOP trust	(611)	(645)
	Interest received	108	25
	<b>Net cash flows used in investing activities</b>	<b>(430)</b>	<b>(1,140)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS** (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

		Year ended March 31, 2020	Year ended March 31, 2019
(C)	<b>Financing activities</b>		
	Proceeds from exercise of ESOP	25	-
	Repayment in working capital loans (net)	-	(3,215)
	Interest paid	(539)	(191)
	Repayment of Lease liability	(907)	-
	<b>Net cash flows used in financing activities</b>	<b>(1,421)</b>	<b>(3,406)</b>
(D)	<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>4,860</b>	<b>912</b>
	Net foreign exchange difference on cash and cash equivalents	236	28
	Cash and cash equivalents at the beginning of the year	3,947	3,007
(E)	<b>Cash and cash equivalents at year end (refer note 9)</b>	<b>9,043</b>	<b>3,947</b>

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 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 &amp; CEO

DIN : 06563872

Place: Bengaluru, India

**Anil Singhvi**

Chairman &amp; Independent Director

DIN : 00239589

Place: Mumbai, India

per **Rajeev Kumar**

Partner

Membership No.: 213803

**Venkatraman G S**

Chief Financial Officer

Place: Bengaluru, India

**G V Krishnakanth**

Company Secretary

Place: Bengaluru, India

Place: Bengaluru, India

Date: May 11, 2020

Date: May 11, 2020

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2020

### 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 newly formed subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value.

These consolidated financial statements for the year ended March 31, 2020 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, 2020 are approved by the Board of Directors on May 11, 2020.

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, 2020	March 31, 2019
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	-

\* Represents non-operating companies.

\*\* Incorporated/ registered in the current year.

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

Subex Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trust. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trust is controlled by the Company and accordingly Subex Employee Welfare and ESOP Benefit Trust is consolidated [refer note 2(p) and note 33].

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## 2. Significant accounting policies

### a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below.

The consolidated financial statements are presented in INR (₹) and all the values are rounded off to the nearest Lakhs (INR 00,000) except when otherwise indicated.

### b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020 as disclosed in Note 1. Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from

that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent, to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognised as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown in 'Other Equity', in the consolidated financial statements. The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).
- iv. The ESOP Trust is consolidated in the standalone financial statements of the Company and the shares purchased and held by ESOP Trust are treated as treasury shares and recognised at cost and deducted from other equity. Refer note 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

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.

The Group has considered internal and certain external sources of information including economic forecasts, budgets required to meet performance obligations and likely delays on contractual commitments, upto the date of approval of these consolidated financial Ind AS statements, in determining the possible impact from the COVID-19 pandemic. The group has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the group expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated Ind AS financial statements and the Group will continue to closely monitor any material changes to its assessment of economic impact of COVID-19 pandemic.

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 34).

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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 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 33.

### Taxes

The Group's two major tax jurisdictions are India and the United Kingdom, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded 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 and the level of future taxable profits together with future tax planning strategies. Also refer note 2(s) and note 12, note 20 & note 21.

### 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 there by 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 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.

The Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method.

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

The following specific recognition criteria must also be met before revenue is recognised:

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

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

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

Revenue from sale of hardware under reseller arrangements is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods to customers.

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 22.

#### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss, as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

### h. Intangible assets (excluding goodwill on consolidation)

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

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

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

### i. Depreciation and amortization

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

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

Assets	Useful life
Computer hardware	3 years
Furniture and fixtures	5 years
Vehicles	5 years

Office equipment	5 years
Computer software	4 years

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

### j. Impairment

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 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 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.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The effect of adoption of Ind AS 116 is as follows:

(₹ in Lakhs)

Impact on balance sheet [increase/ (decrease)]:

Assets	March 31, 2020	April 1, 2019
Right-of-use assets	4,424	4,816
Prepayments	(270)	(270)
Deferred tax asset	125	64
	<b>4,279</b>	<b>4,610</b>
<b>Equity</b>		
Retained earnings	(442)	(442)
<b>Liabilities</b>		
Lease liabilities	4,867	5,052

Impact on statement of profit and loss [increase/ (decrease) in profit]:

	March 31, 2020
Depreciation and amortisation	(1,116)
Finance costs	(452)
Rent expenses	1,359
Other income	6
Deferred tax expenses	(61)
	<b>(264)</b>

Impact on statement of cash flows [increase/ (decrease)]:

	March 31, 2020
Operating lease payments	1,359
<b>Net cash flows from operating activities</b>	<b>1,359</b>
Payment of principal portion of lease liabilities	(452)
Payment of interest portion of lease liabilities	(907)
<b>Net cash flows from financing activities</b>	<b>(1,359)</b>

There is no material impact on the basic earnings per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

## I. 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 instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

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

### Fair value of financial instruments

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

to sell the asset or transfer the liability takes place either:

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

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

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

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

#### Fair value hierarchy

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

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

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

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

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

#### m. Borrowing cost

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

#### n. Consolidated statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) for the period is adjusted for the effects of transactions of a non-cash nature or any deferrals or accruals of

past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

#### o. Employee share based payments

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

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

#### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

### Short-term employee benefits

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

### Long-term employee benefits

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

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

### r. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are initially recorded in the

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

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

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss have been translated using weighted average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI as 'Exchange reserve on consolidation'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

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

### s. Taxes on income

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

#### Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

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.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The

Appendix did not have an impact on the consolidated financial statements of the Group.

#### t. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

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

#### u. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Cost</b>					
As at April 1, 2018	1,752	36	13	110	1,911
Additions	288	9	-	20	317
Disposals	(41)	(2)	(11)	(2)	(56)
Exchange differences	16	-	-	-	16
<b>As at March 31, 2019</b>	<b>2,015</b>	<b>43</b>	<b>2</b>	<b>128</b>	<b>2,188</b>
Additions	246	-	-	27	273
Disposals	(36)	-	-	(4)	(40)
Exchange differences	13	2	-	4	19
<b>As at March 31, 2020</b>	<b>2,238</b>	<b>45</b>	<b>2</b>	<b>155</b>	<b>2,440</b>
<b>Depreciation</b>					
As at April 1, 2018	1,171	18	4	62	1,255
Charge for the year	380	11	2	34	427
Disposals	(39)	(2)	(5)	(2)	(48)
Exchange differences	14	-	-	-	14
<b>As at March 31, 2019</b>	<b>1,526</b>	<b>27</b>	<b>1</b>	<b>94</b>	<b>1,648</b>
Charge for the year	359	7	1	20	387
Disposals	(36)	-	-	(4)	(40)
Exchange differences	7	3	-	1	11
<b>As at March 31, 2020</b>	<b>1,856</b>	<b>37</b>	<b>2</b>	<b>111</b>	<b>2,006</b>
<b>Net block</b>					
As at March 31, 2019	489	16	1	34	540
As at March 31, 2020	382	8	-	44	434

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 4. Intangible assets

(₹ in Lakhs)

	Computer software	Total
<b>Cost</b>		
As at April 1, 2018	226	226
Additions	-	-
Disposals	-	-
Exchange differences	10	10
<b>As at March 31, 2019</b>	<b>236</b>	<b>236</b>
Additions	-	-
Disposals	(6)	(6)
Exchange differences	2	2
<b>As at March 31, 2020</b>	<b>232</b>	<b>232</b>
<b>Amortization</b>		
As at April 1, 2018	163	163
Amortization for the year	56	56
Disposals	-	-
Exchange differences	10	10
<b>As at March 31, 2019</b>	<b>229</b>	<b>229</b>
Amortization for the year	5	5
Disposals	(6)	(6)
Exchange differences	1	1
<b>As at March 31, 2020</b>	<b>229</b>	<b>229</b>
<b>Net block</b>		
As at March 31, 2019	7	7
As at March 31, 2020	3	3

### 5. Goodwill on consolidation

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Carrying value as per last financial statement	65,882	65,882
Less: Impairment of goodwill	(31,473)	-
Carrying value of goodwill	34,409	65,882

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Revenue Management Solutions ('RMS')	33,444	62,156
Data Integrity Management ('DIM')	965	3,726
	34,409	65,882

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 5. Goodwill on consolidation (contd.)

##### Goodwill impairment testing

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 has the advanced annual impairment exercise in respect of carrying value of goodwill. 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:

	As at March 31, 2020	As at March 31, 2019
Growth rate	3% to 8%	5% to 20%
Operating margins	9% to 18%	20% to 36%
Discount rate	13% to 16%	12% to 13%

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.

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 (March 31, 2019: Nil) in relation to RMS CGU and ₹ 2,761 Lakhs (March 31, 2019: Nil) in relation to DIM CGU towards carrying value of goodwill as on December 31, 2019. The aforesaid impairment has been reflected as 'exceptional item'. In view of the COVID -19 pandemic, the management has reassessed its projections and assumptions and has concluded that, the carrying value of goodwill of ₹ 34,409 Lakhs as at March 31, 2020 is appropriate.

#### 6. Loans

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Unsecured, considered good		
Security deposits	533	503
<b>Total</b>	<b>533</b>	<b>503</b>
<b>Current</b>		
Unsecured, considered good		
Loans to employees	104	121
<b>Total</b>	<b>104</b>	<b>121</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 7. Other balances with banks

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Other bank balances (refer note 9)		
Margin money deposits (refer note 32(iii))	189	420
	189	420
<b>Current</b>		
Other bank balances (refer note 9)		
Margin money deposits	67	252
	67	252

### 8. Trade receivables

Unsecured, carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	9,206	8,539
Unsecured, credit impaired	2,178	1,789
<b>Total (a)</b>	<b>11,384</b>	<b>10,328</b>
<b>Impairment allowance (allowance for expected credit loss)</b>		
Trade receivable, credit impaired	(2,178)	(1,789)
<b>Total (b)</b>	<b>(2,178)</b>	<b>(1,789)</b>
<b>Net Trade Receivables (a-b)</b>	<b>9,206</b>	<b>8,539</b>

During the year ended March 31, 2020, ₹ 3,198 Lakhs of unbilled revenue as of April 1, 2019 has been converted to trade receivables on billing. (During the previous year ended March 31, 2019, ₹ 5,170 Lakhs of unbilled revenue as of April 1, 2018 converted to trade receivables). Also, refer note 10.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Further, there are no trade or other receivables which are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

### 9. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Balance with banks		
In current accounts	3,773	3,376
In EEFC accounts	18	158
Deposits with original maturity of less than 3 months	5,252	412
Cash on hand	-	1
	<b>A</b>	
	<b>9,043</b>	<b>3,947</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 9. Cash and cash equivalents (contd.)

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Other balances with banks</b>			
Margin money deposits with remaining maturity for more than 3 months and less than 12 months		67	252
		67	252
Less: Disclosed under Other balances with banks (Current) (refer note 7)		(67)	(252)
	B	-	-
	(A+B)	9,043	3,947
<b>Non-current</b>			
<b>Other balances with banks</b>			
Margin money deposits		189	420
		189	420
Less: Disclosed under Other balances with banks (Non-current) (refer note 7)		(189)	(420)
		-	-

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the total of current portion of cash and cash equivalents as above.

### 10. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Advance recoverable from former directors [refer 32(iii)]		-	234
		-	234
<b>Current</b>			
Unbilled revenue*		5,258	4,517
Advance to employees		-	12
Interest accrued but not due on bank deposits		6	8
		5,264	4,537

\*Also, refer note 8

### 11. Income tax assets (net)

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Advance income-tax [net of provision for taxation ₹ 1,471 Lakhs (March 31, 2019: ₹ 687 Lakhs)]		3,305	3,039
		3,305	3,039

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 12. Deferred tax assets (net) \*

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Minimum alternative tax ('MAT') credit entitlement		425	425
Less: Provision for MAT credit**		(425)	-
	A	-	425
<b>Deferred tax assets (net)</b>			
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense		5	34
Depreciation arising from intangible assets pursuant to restructuring		-	(2,727)
Losses available for offsetting against future taxable profits		184	1,992
Provision for employee benefits and others		73	900
	B	262	199
	(A+B)	262	624

\* Also refer note 20 & note 21.

\*\*During the year ended March 31, 2020, the MAT credit entitlement of ₹ 425 Lakhs has been provided for considering the uncertainty as regards to its utilisation.

### 13. Other assets

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Balance with statutory/ government authorities*		267	267
Advance recoverable in cash or kind			
Prepaid expenses **		-	211
		267	478
<b>Current</b>			
Balance with statutory/ government authorities		19	8
Advance recoverable in cash or kind			
Prepaid expenses**		344	402
Advance to suppliers		163	23
Expenses incurred on behalf of customers		62	93
		588	526

\* Balances represents service tax inadvertently paid by the Group during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same is under dispute. The Group is contesting the same and the management including its tax advisors are confident of obtaining the refund.

\*\* Prepaid rent of ₹ 270 Lakhs has been reclassified to right-of-use asset pursuant to transition to Ind AS 116. Also, refer note 28.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 14. Share capital

	No	₹ in Lakhs
Authorised share capital		
Equity shares of ₹ 10 each		
As at April 1, 2018	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2019	588,040,000	58,804
Increase during the year	-	-
As at March 31, 2020	588,040,000	58,804
Preference shares of ₹ 98 each		
As at April 1, 2018	200,000	196
Increase during the year	-	-
As at March 31, 2019	200,000	196
Increase during the year	-	-
As at March 31, 2020	200,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each issued, subscribed and fully paid-up *		
As at April 1, 2018	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2019	562,002,935	56,200
Issued during the year	-	-
As at March 31, 2020	562,002,935	56,200

\* includes 243,207 (March 31, 2019: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

#### a) Terms/ rights attached to equity shares

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

The Group had not declared any dividend during the year ended March 31, 2020 and March 31, 2019.

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, 2020 and as at March 31, 2019, there is no individual shareholder or shareholder (together with 'Person acting in concert') holding more than 5% shares of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 14. Share capital (contd.)

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

	As at March 31, 2020	As at March 31, 2019
Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 33)		
ESOP - III	-	6,125
ESOP - V	21,975,000	11,200,000
	21,975,000	11,206,125

#### d) Number of treasury shares outstanding

	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	11,200,000	-
Add: Additions during the year	10,775,000	11,200,000
Closing balance	21,975,000	11,200,000

### 15. Other equity

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Securities premium		
Balance as per last financial statements	26,705	26,705
Add: On account of exercise of share options	7	-
Closing balance	26,712	26,705
General reserve		
Balance as per last financial statements	1,780	1,780
Add: Additions during the year	-	-
Closing balance	1,780	1,780
Employee stock options reserve		
Balance as per last financial statements	18	2
Add: Share-based payments	101	16
Less: On account of exercise of share options	(5)	-
Closing balance	114	18
(Deficit)/ surplus in the statement of profit and loss		
Balance as per last financial statements	7,563	5,079
Less/Add: (Loss)/ profit for the year	(26,915)	2,522
Less: Transition impact of Ind AS 116 - Leases, net of tax	(442)	-
Less: OCI - Re-measurement losses on defined benefit obligations	(34)	(38)
Closing balance	(19,828)	7,563
Exchange reserve on consolidation		
Balance as per last financial statements	(12,211)	(11,821)
Add/Less: Effect of foreign exchange rate variations during the year	5	(390)
Closing balance	(12,206)	(12,211)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 15. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Treasury Shares		
Balance as per last financial statements	(645)	-
Less: Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust	(611)	(645)
Add: On account of exercise of share options	23	-
Closing Balance	(1,233)	(645)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Summary of other equity:		
Securities premium	26,712	26,705
Securities premium is used to record the premium on issue of shares and profit and loss on exercise of stock options held as treasury shares (refer note 33). The reserve shall be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.		
General reserve	1,780	1,780
This represents appropriation of profit by the Group.		
Employee stock options reserve	114	18
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.		
(Deficit)/ surplus in the consolidated statement of profit and loss	(19,828)	7,563
This represents (deficit)/ surplus arising from operations of the Group.		
Exchange reserve on consolidation	(12,206)	(12,211)
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.		
Treasury Shares	(1,233)	(645)
This represents own equity shares that are acquired from open market for issuance to employees under ESOP scheme.		
Total other equity	(4,661)	23,210

### 16. Trade payables

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	41	7
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,605	827
	1,646	834

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 16. Trade payables (contd.)

#### \*Payable to micro and small enterprises

(₹ in Lakhs)

Description	As at March 31, 2020	As at March 31, 2019
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	41	7
b) interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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 38.

### 17. Other current financial liabilities

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Employee related liabilities	2,210	2,879
Capital creditors	2	82
	<b>2,212</b>	<b>2,961</b>

### 18. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Unearned revenue	1,858	1,429
Statutory dues	484	1,023
	<b>2,342</b>	<b>2,452</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 19. Provisions

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provisions for employee benefits		
Gratuity [refer note 34(b)]	355	305
	<b>355</b>	<b>305</b>
<b>Current</b>		
Provisions for employee benefits		
Gratuity [refer note 34(b)]	111	95
Leave benefits	538	534
Provision for litigations [refer note 32(iii)]	-	100
	<b>649</b>	<b>729</b>

### 20. Deferred tax liabilities (net)\*

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Deferred tax liabilities			
Depreciation arising from intangible assets pursuant to restructuring		5,861	1,928
	<b>A</b>	<b>5,861</b>	<b>1,928</b>
Deferred tax assets			
Depreciation and amortization expense: Difference between tax depreciation and depreciation and amortization expense		32	-
Provision for employee benefits and others		899	-
Losses available for offsetting against future taxable profits		1,156	-
	<b>B</b>	<b>2,087</b>	<b>-</b>
	<b>(A-B)</b>	<b>3,774</b>	<b>1,928</b>

\*Also, refer note 21.

### 21. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Provision for tax [net of advance tax ₹ 19 Lakhs (March 31, 2019: ₹ 246 Lakhs)]	36	442
Provision for foreign taxes	516	426
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2019: ₹ 62 Lakhs)]*	162	162
	<b>714</b>	<b>1,030</b>

\*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 32(i) for further details.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 21. Income tax liabilities (net) (cond.)

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

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Tax expense:</b>		
Current tax charge	117	274
Provision for MAT credit	425	-
Provision - foreign withholding taxes(net)*	754	885
Deferred tax charge (net)**	1,849	1,027
<b>Total tax expense</b>	<b>3,145</b>	<b>2,186</b>

Notes:

\*Represents provision in respect of withholding taxes deducted/ deductible by the overseas customers of the Group, which is net of reversal of ₹ 308 Lakhs considered no longer necessary on account of favourable assessment order received during the year allowing foreign tax credit in respect of AY 2016-17.

\*\* Deferred tax charge, comprises of deferred tax liability arising on account of tax benefits from amortization of intangible assets of Subex Assurance LLP, net of deferred tax assets arising on account of carry forward losses and other taxable temporary differences, which arose mainly on account of restructuring. The liability for the year ended March 31, 2020 in respect of tax benefits from amortisation of intangibles is net of provision no longer considered necessary amounting to ₹ 1,014 Lakhs considering the favourable assessment order in respect of Assessment Year 2016-17 with respect to foreign tax credit allowance.

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
(Loss)/ profit before tax expense	(23,770)	4,708
Applicable tax rates in India	34.94%	34.94%
<b>Computed tax charge (A)</b>	<b>(8,306)</b>	<b>1,645</b>
<b>Components of tax expense:</b>		
Provision for foreign withholding taxes (net)	754	885
Deferred tax on FTC	(1,014)	-
Tax effect of differential overseas tax rates	(11)	(209)
Impact of disallowable income/expense	10,998	-
Non-recognition of deferred tax asset on losses in certain subsidiaries	299	291
Deferred tax assets recognised on certain disallowances pertaining to previous periods	-	(426)
Provision for MAT credit	425	-
<b>Total adjustments (B)</b>	<b>11,451</b>	<b>541</b>
<b>Total tax expense (A+B)</b>	<b>3,145</b>	<b>2,186</b>

Deferred tax relates to the following:

(₹ in Lakhs)

Particulars	Consolidated Balance Sheet		Consolidated Statement of profit and loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and amortization expense : Difference between tax depreciation and depreciation and amortization expense	(37)	(34)	(3)	(24)
Depreciation arising from intangible assets pursuant to restructuring	5,861	4,655	1,206	2,962
Losses available for offsetting against future taxable profits	(1,340)	(1,992)	652	(1,150)
Provision for employee benefits and others*	(972)	(900)	(6)	(760)
Minimum alternative tax ('MAT') credit entitlement	-	(425)	425	-
<b>Total</b>	<b>3,512</b>	<b>1,304</b>	<b>2,274</b>	<b>1,028</b>

\*Includes ₹ 64 Lakhs in respect of adoption of Ind AS 116 "Leases" being cumulative adjustment to retained earnings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 22. Revenue from operations\*

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	3,274	3,352
Sale of services	33,224	31,460
	<b>36,498</b>	<b>34,812</b>
Disaggregation of revenue:		
Revenue by offering		
Sale of license	3,274	3,352
Implementation and customisation	10,066	8,309
Managed services	11,412	12,427
Support services	10,753	10,724
Others	993	-
	<b>36,498</b>	<b>34,812</b>
Revenue by contract type		
Fixed price contract	14,655	12,301
Time and Material Contract	21,843	22,511
	<b>36,498</b>	<b>34,812</b>

\*During the year ended March 31, 2020, the Group recognized revenue of ₹ 2,642 Lakhs arising from opening unearned revenue, gross of trade receivables of ₹ 2,852 Lakhs, as of April 01, 2019 (March 31, 2019: ₹ 4,182 lakhs arising out of opening unearned revenue, gross of receivables of ₹ 3,034 Lakhs as of April 01, 2018).

Refer note 30 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, 2020, other than those contracts wherein invoicing is on time and material basis is ₹ 6,939 Lakhs (March 31, 2019 : ₹ 7,821 Lakhs). Out of the total remaining performance obligation other than contracts where invoicing is on time and material basis, the Group expects to recognize revenue of around 50% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

### 23. Other income

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Insurance claim	155	-
Refund of research and development expenses	213	-
Interest income on:		
Security deposits	50	45
Bank deposits	106	30
Miscellaneous income	39	23
Net gain on disposal of property, plant and equipment	-	3
	<b>563</b>	<b>101</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 24. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages*	15,606	17,445
Contribution to provident and other funds	1,099	1,129
Employee share based payments	101	16
Gratuity expense (refer note 34)	134	98
Staff welfare expenses	514	417
	<b>17,454</b>	<b>19,105</b>

\* Net of reversal of provision no longer required, in respect of employee incentives amounting to ₹ 692 Lakhs (March 31, 2019: ₹ 77 Lakhs).

### 25. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest		
Interest expense on Lease liability	452	-
Other borrowings	-	82
Other finance charges	25	25
Bank charges	87	109
	<b>564</b>	<b>216</b>

### 26. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	387	427
Depreciation on right-of-use assets	1,116	-
Amortization of intangible assets	5	56
	<b>1,508</b>	<b>483</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 27. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of hardware, software and support charges	1,019	389
Sub-contract charges	2,262	1,829
Rent	371	1,922
Power and fuel	214	212
Repairs and maintenance		
Building	131	164
Others	747	671
Insurance	95	98
Communication costs	240	274
Printing and stationery	28	28
Traveling and conveyance	2,701	2,530
Rates and taxes	145	134
Advertisement and business promotion	595	536
Consultancy charges	917	900
Payments to auditors [refer note 27(i)]	168	177
Sales commission	437	159
Allowance for expected credit loss (net of reversal)	289	459
Directors' sitting fees (refer note 31)	54	60
Contribution towards corporate social responsibility	-	14
Miscellaneous expenses	13	16
	10,426	10,572

### 27(i). Payments to auditors (excluding goods and services tax):

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Statutory auditors</b>		
<b>As auditor</b>		
Audit fee	91	104
Tax audit fee	3	2
<b>In other capacity</b>		
Other services (certification services)	11	7
Reimbursement of expenses	6	6
	111	119
<b>(b) Other auditors for the subsidiaries</b>		
<b>As auditor</b>		
Audit fee	56	57
<b>In other capacity</b>		
Reimbursement of expenses	1	1
	57	58
	168	177

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 28 Leases

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 4,816 Lakhs and lease liability of ₹ 5,052 Lakhs has been recognised. The cumulative effect of applying the standard resulted in ₹ 442 Lakhs being debited to retained earnings, net of taxes. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.95% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

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 difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

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, 2019	4,816	4,816
Additions during the year on account of lease modifications	707	707
Disposals during the year	-	-
Exchange differences	20	20
<b>As at March 31, 2020</b>	<b>5,543</b>	<b>5,543</b>
<b>Depreciation</b>		
Charge for the year	1,116	1,116
Disposals	-	-
Exchange differences	3	3
<b>As at March 31, 2020</b>	<b>1,119</b>	<b>1,119</b>
<b>Net block</b>		
<b>As at March 31, 2020</b>	<b>4,424</b>	<b>4,424</b>

The Group incurred ₹ 371 Lakhs for the year ended March 31, 2020 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, 2020

#### 28 Leases (contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(₹ in Lakhs)

	Lease Liabilities
As at April 1, 2019	5,052
Additions	701
Interest on lease liabilities	452
Payments	(1,359)
Exchange difference	21
<b>As at March 31, 2020</b>	<b>4,867</b>
Current	1,409
Non-current	3,458

The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

	Year ended March 31, 2020
Depreciation expense of right-of-use assets	1,116
Interest expense on lease liabilities	452
Expense relating to short-term leases (included in other expenses)	371
<b>Total amount recognised in statement profit or loss</b>	<b>1,939</b>

The Group had total cash outflows for leases of ₹ 1,359 Lakhs for the year ended March 31, 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 707 Lakhs and ₹ 701 Lakhs for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

#### 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 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, 2020	Year ended March 31, 2019
Nominal value per equity share (₹ per share)	10	10
(Loss)/ profit attributable to equity shareholders (₹ in Lakhs)	(26,915)	2,522
Weighted average number of basic equity shares (No. in Lakhs)*	5,452	5,577
Basic and diluted (loss)/ profit per share (₹ per share)**	(4.94)	0.45

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

\*\*Employee stock options outstanding as at March 31, 2020 and as at March 31, 2019 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS of the respective years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 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 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\*:

(₹ in Lakhs)

Region	Year ended March 31, 2020	Year ended March 31, 2019
Americas	7,226	5,603
EMEA	20,224	21,378
India	1,260	1,808
APAC and rest of the world	7,788	6,023
	<b>36,498</b>	<b>34,812</b>

\* 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, 2020. During the previous year ended March 31, 2019, revenue from one customer amounting to ₹ 3,687 Lakhs accounted for more than 10% of the total revenue of the Group.

Non-current operating assets by geographical location are as follows\*\*:

(₹ in Lakhs)

Region	As at March 31, 2020	As at March 31, 2019
India	4,271	861
Outside India	857	164
Unallocated ***	34,409	65,882
<b>Total non-current operating assets</b>	<b>39,537</b>	<b>66,907</b>

\*\* Non-current operating assets includes Property, plant and equipment, Right-of-use assets, Other intangible assets and Balance with statutory/ government authorities and Prepaid expenses.

\*\*\* Unallocated represents Goodwill on consolidation. The management is of the view that it is not practically feasible to allocate such goodwill to various regions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended March 31, 2020

### 31. Related party transactions

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

##### Trust that is consolidated

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

##### Key management personnel of the Company:

Anil Singhvi	Chairman and Independent Director
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
George Zacharias	Independent Director (w.e.f. May 13, 2019)
Vinod Kumar Padmanabhan	Managing Director and Chief Executive Officer (w.e.f April 1, 2018) Designated partner of Subex Assurance LLP Designated partner of Subex Digital LLP
Shiva Shankar Naga Roddam	Whole-time Director & Chief Operating Officer (w.e.f February 07, 2020)
Venkatraman G S	Chief Financial Officer (w.e.f. November 30, 2018) Designated partner of Subex Assurance LLP (w.e.f. November 15, 2018) Designated partner of Subex Digital LLP (w.e.f. November 15, 2018)
G V Krishnakanth	Company Secretary (w.e.f July 10, 2018)
Ashwin Chalapathy	Non Executive, Non Independent Director (w.e.f. November 1, 2017 to May 4, 2018)
Mehernaz Dalal	Chief Financial Officer (w.e.f June 15, 2017 to November 30, 2018)

#### ii. Transactions with the trust

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Loan given to Subex Employee Welfare and ESOP Benefit Trust	611	645
Loan repaid by Subex Employee Welfare and ESOP Benefit Trust	(25)	-
	<b>586</b>	<b>645</b>

#### iii. Details of transactions with key management personnel during the year ended March 31, 2020:

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Salary and perquisites:</b>		
Vinod Kumar Padmanabhan (includes remuneration from Subex Assurance LLP)**	332	176
Venkatraman G S **	67	31
G V Krishnakanth **	50	24
Shiva Shankar Naga Roddam **	16	-
Mehernaz Dalal	-	63
	<b>465</b>	<b>294</b>
<b>Director sitting fees</b>		
Anil Singhvi	19	24
Nisha Dutt	10	14
Poornima Prabhu	17	18
George Zacharias	4	-
	<b>50</b>	<b>56</b>

\* 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, 2020, the Company has granted 18 lakhs ESOPs (March 31, 2019 : 25 Lakhs ESOPs) to certain key management personnel under ESOP 2018 scheme, which includes options granted to key management personnel of subsidiaries. Of the aforesaid ESOPs, 425,000 options has been exercised during the year. Refer note 33.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 32. Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Income tax demands [refer note (i)]	6,619	15,254
Service tax demands [refer note (ii)]	3,687	3,687
Others [refer note (iii)]	-	1,293
Bank guarantees (furnished to customers)	256	373
Corporate guarantee issued by Subex Limited [refer note (iv)]	-	4,500

#### i. Income tax

- a) The Company has received assessment orders in respect of each of the financial years 2009-10, 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 demands of Subex Limited, the Company has paid ₹ 995 lakhs.
- 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.

#### iii. Others

The Company had received certain claims from its former MD & CEO and former COO for an amount of ₹ 1,293 Lakhs (March 31, 2019: ₹ 1,293 Lakhs). The Company disputed the said claims and had also claimed the excess managerial remuneration of ₹ 124 Lakhs (March 31, 2019: ₹ 124 Lakhs) paid to the aforementioned ex-employees during the year ended March 31, 2013, in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 and other advances paid during the year 2012-13 amounting to ₹ 110 Lakhs (March 31, 2019: ₹ 110 Lakhs).

On January 23, 2020, the Company had entered into a settlement agreement with the ex-employees in respect of these long drawn litigations and has paid an amount of ₹ 820 lakhs (net of ₹ 234 lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation is amicably settled and the related bank guarantee of ₹ 418 Lakhs is released.

#### iv. Corporate Guarantee

The Company had given corporate guarantee to the lenders of its subsidiary, Subex Assurance LLP, of Nil (March 31, 2019: ₹ 4,500 Lakhs) for the purpose of availing of working capital loan facilities by the said subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 33. Employee stock options plans ('ESOPs')

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

During the previous year, 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 providing such share-based payments to its employees. The ESOP Trust is consolidated in the standalone financial results of the Company and the shares reacquired and held by ESOP Trust are treated as treasury shares recognised at cost and deducted from other equity.

The Nomination and Remuneration Committee of the Group in their meeting held on February 7, 2020 granted 12,800,000 options under approved "Subex Employees Stock Option Scheme – 2018" to the eligible employees. Total options granted till March 31, 2020 under the said scheme are 22,400,000. The shares granted vest over a period of 1 to 2 years and can be exercised over a maximum period of 2 years from the date of vesting.

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

	2019-20		2018-19	
	Options (no.)	Weighted average exercise price per stock option (₹)	Options (no.)	Weighted average exercise price per stock option (₹)
Options outstanding at the beginning of the year				
ESOP – III	6,125	13.74	24,055	18.24
ESOP – V	10,650,000	6.00	-	-
Exercised during the year				
ESOP – V	425,000	6.00	-	-
Granted during the year				
ESOP – V	12,800,000	6.00	10,650,000	6.00
Cancelled, surrendered or lapsed during the year				
ESOP – III	6,125	13.74	17,930	19.78
ESOP – V	1,050,000	6.00	-	-
Options outstanding at the end of the year				
ESOP – III	-	-	6,125	13.74
ESOP – V	21,975,000	6.00	10,650,000	6.00
Options exercisable at the end of the year				
ESOP – III	-	-	6,125	13.74
ESOP – V	4,375,000	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 (₹)	
	2019-20	2018-19	2019-20	2018-19
ESOP – III	-	0.46	-	10.26 - 24.99
ESOP – V	2.94	3.35	6.00	6.00

\* considering vesting and exercise period

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 33. Employee stock options plans ('ESOPs') (contd.)

#### Fair value methodology

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

Particulars	March 31, 2020	March 31, 2019
Risk-free interest rate	6.70%	6.90%
Expected volatility of share	41.00%	50.00%
Expected life(years)	2	2
Weighted average fair value as on grant date (₹)	1.23	1.46

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

### 34. 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 ₹ 1,055 Lakhs (March 31, 2019: ₹ 1,098 Lakhs) towards Provident Fund and Pension Fund contributions (including 401K contribution).

#### b) Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan. Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

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

Disclosure as per Ind AS 19

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>A. Change in defined benefit obligation</b>		
Obligations at beginning of the year	651	573
Service cost	134	98
Interest cost	43	40
Benefits settled	(138)	(102)
Actuarial loss (through OCI)	36	40
Currency translation adjustment	14	2
<b>Obligations at end of the year</b>	<b>740</b>	<b>651</b>
<b>B. Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	251	204
Expected return on plan assets	18	15
Actuarial gain (through OCI)	2	2
Contributions	141	132
Benefits settled	(138)	(102)
<b>Plan assets at the end of the year</b>	<b>274</b>	<b>251</b>
Present value of defined benefit obligation at the end of the year	(740)	(651)
Fair value of plan assets at the end of the year	274	251
<b>C. Net liability recognised in the consolidated balance sheet</b>	<b>(466)</b>	<b>(400)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 34. Employee benefit plans (contd.)

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
D. Expenses recognised in the consolidated statement of profit and loss:		
Service cost	134	98
Interest cost (net)	25	25
Net gratuity cost	159	123
E. Re-measurement gains/ (losses) in OCI		
Actuarial (loss)/ gain due to financial assumption changes	(16)	(7)
Actuarial (loss)/ gain due to experience adjustments	(20)	(33)
Actuarial (loss)/ gain - return on plan assets greater than discount rate	2	2
Total expenses recognised through OCI	(34)	(38)
F. Assumptions		
Discount rate	5.20%	6.70%
Expected return on plan assets	7.30%	7.60%
Salary escalation*	6.20%	7.30%
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, 2019: Indian Assured Lives Mortality (2006-08)].

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
G. Five years pay-outs		
Year 1	111	95
Year 2	106	96
Year 3	99	88
Year 4	89	85
Year 5	80	76
After 5th Year	499	500

\*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, 2020	As at March 31, 2019
H. Contribution likely to be made for the next one year	111	95
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%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 34. Employee benefit plans (contd.)

#### J. Sensitivity analysis

(₹ in Lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	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)	(17)	17	(13)	15
Effect of change in salary				
Impact on defined benefit obligation increase/ (decrease)	32	(30)	26	(23)
Effect of change in withdrawal assumption				
Impact on defined benefit obligation increase/ (decrease)	(19)	24	(12)	15

K. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 6 years (March 31, 2019: 6 years).

### 35. 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, 2020

(₹ 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%	50,024	63%	(20,588)	72%	(21)	63%	(20,609)
<b>Indian subsidiaries</b>								
Subex Technologies Limited	-	16	-	(4)	-	-	-	(4)
Subex Assurance LLP	45%	46,413	40%	(12,974)	(24%)	7	40%	(12,967)
Subex Digital LLP	(2%)	(2,527)	6%	(1,999)	14%	(4)	6%	(2,003)
<b>Foreign subsidiaries</b>								
Subex (Asia Pacific) Pte Ltd.	1%	815	-	(29)	(103%)	30	-	1
Subex (UK) Ltd.	5%	5,313	(4%)	1,301	(786%)	228	(5%)	1,529
Subex Americas Inc	6%	5,758	(2%)	664	203%	(59)	(2%)	605
Subex Inc.	(2%)	(2,227)	(3%)	1,060	762%	(221)	(3%)	839
Subex Middle East	-	144	-	15	(34%)	10	-	25
Subex Bangladesh Pvt.Ltd	-	12	-	11	(3%)	1	-	12
<b>Total</b>	100%	103,741	100%	(32,543)	100%	(29)	100%	(32,572)
Adjustments arising out of consolidation		(52,202)		5,628		-		5,628
<b>Total</b>		51,539		(26,915)		(29)		(26,944)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 35. 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, 2019

(₹ in Lakhs)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
Subex Limited	51%	71,149	46%	(2,453)	1%	(3)	43%	(2,456)
<b>Indian subsidiaries</b>								
Subex Technologies Limited	-	22	-	(3)	-	-	-	(3)
Subex Assurance LLP	44%	61,488	(5%)	281	5%	(20)	(4%)	261
Subex Digital LLP	(1%)	(474)	33%	(1,744)	2%	(10)	31%	(1,754)
<b>Foreign subsidiaries</b>								
Subex (Asia Pacific) Pte Ltd.	1%	815	-	19	(4%)	16	(1%)	35
Subex (UK) Ltd.	3%	3,793	31%	(1,660)	38%	(164)	32%	(1,824)
Subex Americas Inc.	4%	5,147	(2%)	96	15%	(64)	(1%)	32
Subex Inc.	(2%)	(3,049)	(2%)	118	43%	(182)	1%	(64)
Subex Middle East	-	119	(1%)	61	-	(1)	(1%)	60
<b>Total</b>	<b>100%</b>	<b>139,010</b>	<b>100%</b>	<b>(5,285)</b>	<b>100%</b>	<b>(428)</b>	<b>100%</b>	<b>(5,713)</b>
Adjustments arising out of consolidation		(59,600)		7,807		-		7,807
<b>Total</b>		<b>79,410</b>		<b>2,522</b>		<b>(428)</b>		<b>2,094</b>

### 36. 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. The Group does not have any long term debts hence there is no capital gearing ratio. Surplus fund has been invested into risk free highly liquid financial instruments.

### 37. Fair value hierarchy

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial assets measured at amortized cost</b>		
Interest accrued but not due on bank deposits*	6	8
Trade receivables*	9,206	8,539
Unbilled revenue*	5,258	4,517
Security deposits^	533	503
Loans and advances to employees*	104	133
	<b>15,107</b>	<b>13,700</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 37. Fair value hierarchy (contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents and other balances with banks		
Cash on hand	-	1
Balance with banks	9,043	3,946
Margin money deposits	256	672
	9,299	4,619
Financial liabilities measured at amortized cost		
Employee related liabilities*	2,210	2,879
Trade payables*	1,646	834
Capital creditors*	2	82
Lease liabilities^	4,867	-
	8,725	3,795

\* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

^ The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

### 38. Financial risk management:

The Group's activities expose it to the following risks:

- i. Credit risk
- ii. Interest rate risk
- iii. Liquidity risk
- iv. Market risk

#### i. Credit risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including deposits with banks, foreign exchange transactions and other financial instruments.

##### a. Trade receivables

Credit risk is managed by each business unit as per the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

##### b. Credit risk exposure

The Group's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Group is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	9,206	8,539
Unbilled revenue	5,258	4,517
Total	14,464	13,056

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

#### 38. Financial risk management: (contd.)

The movement in credit loss allowance on customer balance is as follows :

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,789	1,346
Add: Provided during the year	289	459
Less: Bad-debts written-off	(25)	(19)
Add: Translation difference	125	3
Closing balance	2,178	1,789

#### 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 does not have any debt outstanding as at March 31, 2020 and as at March 31, 2019. Also, the Group's investments are primarily in fixed rate interest bearing investments. Hence, the Group is not significantly exposed to interest rate risk.

#### iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	9,043	3,947
Other balances with banks	256	254
	9,299	4,201

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
<b>As at March 31, 2020</b>					
Trade payables	92	1,554	-	-	1,646
Lease Liability*	-	705	705	4,334	5,744
Other financial liabilities	-	2,212	-	-	2,212
	92	4,471	705	4,334	9,602
<b>As at March 31, 2019</b>					
Trade payables	128	706	-	-	834
Other financial liabilities	-	2,961	-	-	2,961
	128	3,667	-	-	3,795

\*Includes future cash outflow toward estimated interest on lease liabilities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

### 38. Financial risk management: (contd.)

#### iv. Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR'), United Arab Emirates Dirham ('AED') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group operating activities and financing activities.

Below is the summary of foreign currency exposure of Group's financial assets and liabilities.

As at March 31, 2020

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
<b>Financial assets</b>					
Trade receivables	5,682	-	1,322	770	7,774
Cash and cash equivalents and other bank balances	531	-	281	382	1,194
Other financial assets	2,776	-	1,125	412	4,313
<b>Total financial assets</b>	<b>8,989</b>	<b>-</b>	<b>2,728</b>	<b>1,564</b>	<b>13,281</b>
<b>Financial liabilities</b>					
Other financial liabilities	900	-	132	19	1,051
<b>Total financial liabilities</b>	<b>900</b>	<b>-</b>	<b>132</b>	<b>19</b>	<b>1,051</b>
<b>Net financial assets/ (liabilities)</b>	<b>8,089</b>	<b>-</b>	<b>2,596</b>	<b>1,545</b>	<b>12,230</b>

As at March 31, 2019

(₹ in Lakhs)

Particulars	Denominated currency				Total
	USD	GBP	EUR	Others	
<b>Financial assets</b>					
Trade receivables	5,128	-	1,407	1,118	7,653
Cash and cash equivalents and other bank balances	1,145	-	354	229	1,729
Other financial assets	2,250	-	271	691	3,212
<b>Total financial assets</b>	<b>8,523</b>	<b>-</b>	<b>2,032</b>	<b>2,038</b>	<b>12,594</b>
<b>Financial liabilities</b>					
Other financial liabilities	290	3	277	551	1,121
<b>Total financial liabilities</b>	<b>290</b>	<b>3</b>	<b>277</b>	<b>551</b>	<b>1,121</b>
<b>Net financial assets/ (liabilities)</b>	<b>8,233</b>	<b>(3)</b>	<b>1,755</b>	<b>1,487</b>	<b>11,473</b>

#### 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 0.34% (March 31, 2019: 0.33%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended March 31, 2020

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, 2020, considering losses incurred in past years, the Company does not have the obligation to incur expenses in relation to CSR.

Amount spent during the previous year ended March 31, 2019

(₹ in Lakhs)

	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	14	-	14

40. 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, 2020 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.
41. The Board of Directors in its meeting held on February 07, 2020, has 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. Subject to the consent of the Shareholders and the approval from NCLT and other statutory authorities as and where applicable, the Accumulated Losses of ₹ 38,401 Lakhs as at December 31, 2019 shall be written off against the paid-up share capital of the Company for an amount of ₹ 28,100 Lakhs by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and Securities Premium Account balance for an amount of ₹ 10,301 lakhs.
42. The Group has considered internal and certain external sources of information including economic forecasts, budgets required to meet performance obligations and likely delays on contractual commitments, upto the date of approval of these consolidated Ind AS financial statements, in determining the possible impact from the COVID-19 pandemic. The Group has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Group expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated Ind AS financial statements and the Group will continue to closely monitor any material changes to its assessment of economic impact of COVID- 19 pandemic.

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 & Independent Director

DIN : 00239589

Place: Mumbai, India

per **Rajeev Kumar**

Partner

Membership No.: 213803

**Venkatraman G S**

Chief Financial Officer

Place: Bengaluru, India

**G V Krishnakanth**

Company Secretary

Place: Bengaluru, India

Place: Bengaluru, India

Date: May 11, 2020

Date: May 11, 2020

## “SHAREHOLDERS’ INFORMATION”

### REGISTERED OFFICE

The Registered office of the Company is located at RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru – 560 103.

### DATE AND VENUE OF THE 26<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

Date : Friday, September 25, 2020

Mode : Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”)

Time : 03.00 pm (IST)

E-voting date : September 22, 2020, 9.00 am (IST) to September 24, 2020, 5.00 pm (IST)

### DATES OF BOOK CLOSURE

September 19, 2020 – September 25, 2020 (inclusive of both days)

### BOARD MEETINGS & FINANCIAL CALENDAR

Financial year 2020-21 : April 01, 2020 to March 31, 2021

Calendar of Board Meetings to adopt the accounts

For quarter ended June 30, 2020	2nd week of August 2020
For quarter ending September 30, 2020	2nd week of November 2020
For quarter ending December 31, 2020	2nd week of February 2021
For the year ending March 31, 2021	4th week of May 2021

### DIVIDEND

The Directors have not proposed any dividend to be paid for the financial year 2019-20.

### LISTING ON STOCK EXCHANGES

Equity Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) since September 5, 2003 and on the BSE Limited (BSE) since July 31, 2000. The Company has paid listing fees for the year 2019-20 in accordance with the provisions of the SEBI (LODR) Regulations, 2015

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- 400 051	SUBEX
BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	532348
London Stock Exchange 10 Paternoster Square London EC4M 7LS	SUBX

The International Securities Identification Number (ISIN) for the Company’s Equity Shares in dematerialized form is INE754A01014.

**CUSTODIAL FEE**

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. The said circular has been partially modified vide SEBI's Circular No. MRD/DoP/SE/Dep/Cir-2/2009 dated February 10, 2009. The Company, in accordance with the aforesaid circulars, paid custodial fees for the year 2019-20 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2019.

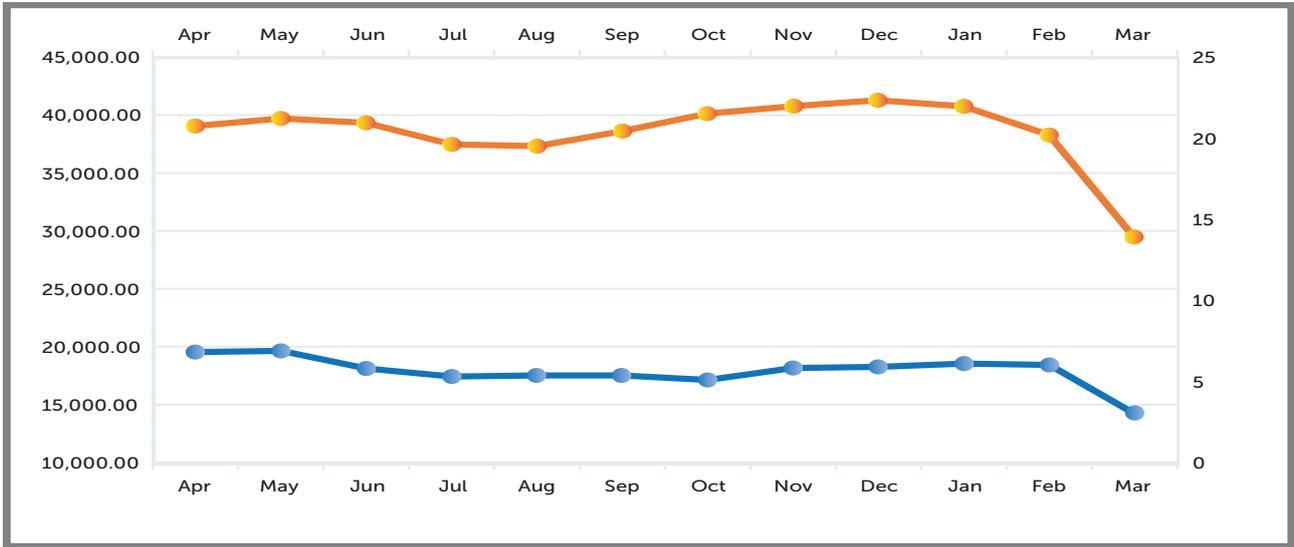
**STOCK MARKET DATA RELATING TO EQUITY SHARES LISTED IN INDIA**

Monthly high and low quotes during each month in the financial year 2019-20 as well as the volume of shares traded on NSE and BSE are as under:

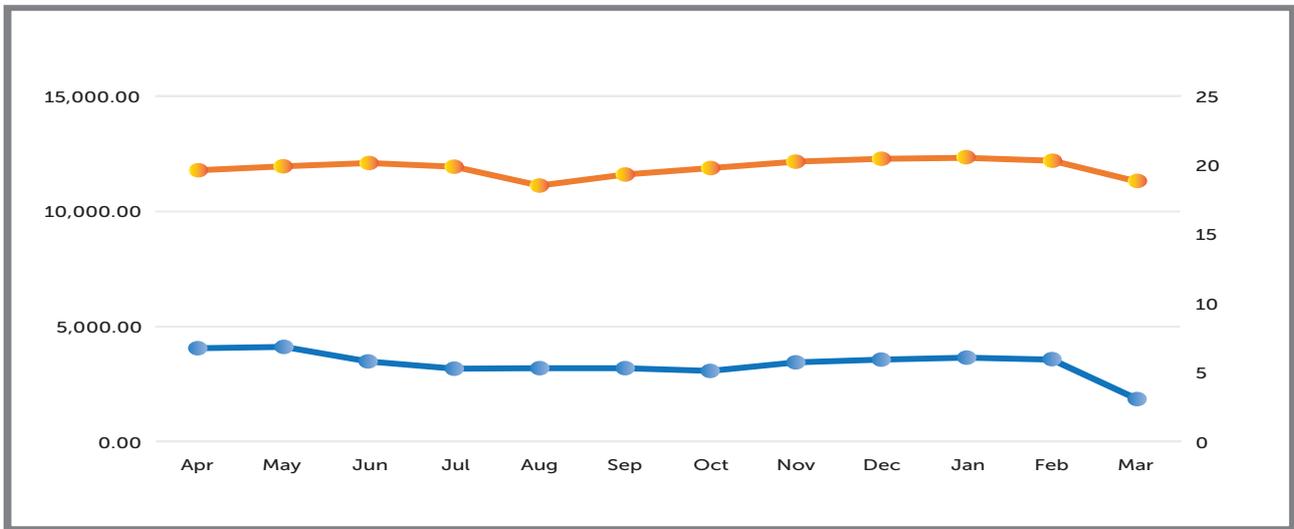
Month	NSE			BSE		
	High Price	Low Price	Number of shares traded (in lakhs)	High Price	Low Price	Number of shares traded
Apr-19	7.55	5.75	299.92	7.54	5.71	48,98,777
May-19	7.50	6.15	324.70	7.44	6.20	54,48,329
Jun-19	7.05	5.65	166.96	7.04	5.65	2,11,03,569
Jul-19	6.60	5.15	144.08	6.55	4.82	75,35,873
Aug-19	5.85	5.20	135.65	5.83	5.20	22,82,201
Sep-19	6.05	5.30	122.45	6.04	5.30	85,52,234
Oct-19	5.55	4.35	106.64	5.60	4.50	72,74,242
Nov-19	6.05	5.10	170.55	6.09	5.11	21,13,374
Dec-19	6.05	5.40	117.29	6.23	5.45	20,64,391
Jan-20	6.50	5.90	136.25	6.45	5.87	46,06,974
Feb-20	7.35	5.10	367.78	7.36	5.13	2,73,05,746
Mar-20	6.40	2.90	287.29	6.24	2.80	1,58,79,330

**SUBEX LIMITED SHARE PRICE VERSUS NSE S&P CNX NIFTY AND SENSEX**

Month	BSE Sensex	Nifty 50
Apr-19	39,031.55	11,787.15
May-19	39,714.20	11,945.90
Jun-19	39,394.64	12,088.55
Jul-19	37,481.12	11,946.75
Aug-19	37,332.79	11,109.65
Sep-19	38,667.33	11,600.20
Oct-19	40,129.05	11,877.45
Nov-19	40,793.81	12,151.15
Dec-19	41,253.74	12,271.80
Jan-20	40,723.49	12,362.30
Feb-20	38,297.29	12,201.20
Mar-20	29,468.49	11,303.30



● Sensex Close ● Subex BSE Close



● Nifty Close ● Subex NSE Close

## CREDIT RATING

The India Ratings and Research organisation (Ind-Ra) in their letter dated August 07, 2019 confirmed that the Company's credit rating remained unchanged at "IND A-".

Rating History is as mentioned below:

Instrument Type	Current Rating/Outlook			Historical Rating Outlook		
	Rating Type	Rated Limits (million)	Rating	26 July 2018	20 July 2017	22 July 2016
Issuer Rating	Long-Term	-	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND BBB+/Stable

## SHAREHOLDING PATTERN

(As per records of the RTA)

### Distribution of Shareholding:

No. of Equity shares held	As on March 31, 2020		As on March 31, 2019	
	No. of share holders	% to total share holders	No. of share holders	% to total share holders
1 – 5000	51,234	51.75	54,503	50.51
5001 – 10000	16,528	16.69	18,334	16.99
10001 – 20000	10,926	11.04	12,193	11.30
20001 – 30000	4,787	4.83	5,358	4.97
30001 – 40000	2,324	2.35	2,644	2.45
40001 – 50000	3,468	3.50	3,898	3.61
50001 – 100000	4,577	4.62	5,221	4.84
100001 and above	5,164	5.22	5,759	5.33
<b>TOTAL</b>	<b>99,008</b>	<b>100</b>	<b>1,07,910</b>	<b>100</b>

### Categories of Shareholders:

Categories of Shareholders	No. of Shares of face value of ₹ 10 each	% of holding
Promoter & Promoter group	Nil	Nil
Public	53,97,84,728	96.05
Non-Promoter, Non-Public *	2,22,18,207	3.95
<b>TOTAL</b>	<b>56,20,02,935</b>	<b>100</b>

\*Includes shares held by the Subex Employee Welfare and ESOP Benefit Trust

## R&T AGENTS AND SHARE TRANSFER SYSTEM

Canbank Computers Services Limited, J P Royale, 1<sup>st</sup> Floor, No. 218, 2<sup>nd</sup> Main, Sampige Road (Near 14<sup>th</sup> Cross), Malleswaram, Bangalore - 560 003, were appointed as 'Registrar & Transfer Agents' both in respect of shares held in physical form and dematerialized form vide a tripartite agreement dated December 05, 2001 in respect of shares held with NSDL and a tripartite agreement dated November 27, 2001 in respect of shares held with CDSL.

The Board at its meeting held of February 07, 2020 considered the appointment of Kfin Technologies Private Limited as the Registrar & Transfer Agents of the Company having its registered office at Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032 with effect from April 15, 2020. However due to the current pandemic situation of COVID-19, the change of RTA was deferred to May 31, 2020. Further since the lockdown was relaxed conditionally and transfer of electronic and physical data from Canbank Computer Services Limited to Kfin Technologies Private Limited was still pending, the Board was requested to extend the date of change of Registrar & Transfer Agents of the Company to July 31, 2020. The said change took effect from July 24, 2020.

### A. Process for Transfer of Shares:

With a view to expedite the transfer process in the interest of investors, SEBI vide its Circular No. CIR/MIRSD/8/2012 dated July 05, 2012 has reduced the timeline for registering the transfer of shares to 15 days with effect from October 01, 2012.

Share transfers would be registered and returned within a period of fifteen days from the date of receipt, if the documents are clear in all respects. For matters regarding transfer of shares, change of address etc., shareholders are requested to contact M/s. Kfin Technologies Private Limited, R&T Agent.

**B. Share transfers and other communication regarding Share certificates, updation of records, email addresses, etc. may be addressed to:**

M/s Kfin Technologies Private Limited  
Selenium Tower B, Plot Nos. 31 & 32  
Financial District, Nanakramguda  
Serilingampally Mandal,  
Hyderabad - 500032 | India

Tel No. +91-40-6716 2222

Fax No. +91 40 2343 1551

email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

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

**SHARES HELD IN PHYSICAL AND DEMATERIALISED FORM**

As on March 31, 2020, 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, 2020, the outstanding GDRs were 2,43,207. There are no outstanding convertible instruments in the company.

**LOCATIONS**

- Broomfield, 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.

On January 23, 2020, the Company has entered into settlement agreement with former MD & CEO and former COO of the company in respect of litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company has paid an amount of ₹ 820 lakhs (net of ₹ 234 lakhs recoverable from such ex-employees) which has been provided for as at December 31, 2019.

**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 R&T 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 & Transfer Agent (RTA) for the period from April 01, 2019 to March 31, 2020 are as stated below. Additionally, the Company has attended to all the investor grievances/correspondence received through emails or telephone on a timely manner.

Nature of complaints (excluding the grievances received through emails or telephone)	Received	Cleared
Non-receipt of share certificates/refund orders/call money notice/allotment advice/dividend warrant/annual report	0	0
Letters from Depositories, Banks etc.	0	0
Correction/change of bank mandate of refund order/Change of address	0	0
Postal returns of cancelled stock invests / refund orders/ share certificates / dividend warrants	0	0
Other general query	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**ADDRESS FOR CORRESPONDENCE**

For any queries, please write to:

Mr. G V Krishnakanth  
Company Secretary & Compliance Officer,  
Subex Limited, RMZ Ecoworld, Outer Ring Road, Devarabisanahalli,  
Bengaluru – 560 103, India.  
Telephone: +91 80 6659 8700 | Fax: +91 80 6696 3333  
email: [investorrelations@subex.com](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, distribution of shareholding, dividend etc.

Notes



### India

Subex Limited  
(CIN: L85110KA1994PLCO16663)  
Regd. office: RMZ Ecoworld, Outer  
Ring Road, Devarabisanahalli,  
Bengaluru-560103  
Tel: +91 80 6659 8700  
Fax: +91 80 6696 3333

### UK

Subex (UK) Limited  
1st Floor, Rama Apartment,  
17 St Ann's Road, Harrow,  
Middlesex, HA1 1JU

### 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

### 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  
Anamicka Concord, 11 -F, 583  
West Shawrapara,  
Mirpur, Dhaka, PO : 1216,  
Bangladesh