

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 27th Annual Report of the Company on the business and operations together with the audited results for the year ended March 31, 2021.

1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2021 is summarized as below:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Revenue	37,203	36,498	2,916	1,079
Share of Profit/ (Loss) before exceptional items, net	-	-	2,585	1,889
Other Income	474	563	9	202
Finance Cost	296	477	14	28
Profit/ (Loss) before exceptional items and tax expense	8,650	7,996	2,882	891
Exceptional Items	287	(31,766)	(231)	(21,361)
Profit/ (Loss) before tax	8,937	(23,770)	2,651	(20,470)
Tax expenses	3,765	3,145	29	118
Profit/ (Loss) after tax	5,172	(26,915)	2,622	(20,588)
Other comprehensive income/(Loss)	624	(29)	-	(21)
a) to be reclassified to profit or loss in subsequent periods	636	5	-	-
b) not to be reclassified to profit or loss in subsequent periods	(12)	(34)	-	(21)
Total comprehensive income/(Loss) for the year	5,796	(26,944)	2,622	(20,609)

2. OVERVIEW AND RESULTS OF OPERATIONS

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

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

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

During the financial year ended March 31, 2021, the total income on a standalone basis was ₹ 5,510 lakhs as against the total income for the previous year which was ₹ 3,170 lakhs. The Company has during the year under review earned a profit of ₹ 2,622 lakhs as against a loss of ₹ 20,588 lakhs in the previous year. On a consolidated basis, the total income stood at ₹ 37,677 lakhs as against ₹ 37,061 lakhs during the previous year. The profit earned for the financial year 2020-21 is ₹ 5,172 lakhs as against a loss of ₹ 26,915 lakhs in the previous year.

3. DIVIDEND

The details of dividend declared/recommended for the FY 2020-21 were as follows:

- The Board at its meeting held on February 01, 2021, declared an interim dividend of ₹ 0.50 (10%) per share. The dividend was paid to the shareholders on February 25, 2021.
- The Board at its meeting held on May 17, 2021, recommended a final dividend of ₹ 0.25 (5%) per share, subject to the approval of the members at the 27th Annual General Meeting to be held on July 09, 2021.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the dividend distribution policy of the Company was approved and adopted by the Board of Directors at their meeting held on May 17, 2021.

and is available under the following link <https://www.subex.com/investors/shareholder-services/>.

4. RESERVES

The Company does not propose to transfer any amounts to the general reserve out of the amount available for appropriation. The total profit of ₹ 5,796 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, 2021, the authorized share capital of the Company was ₹ 5,90,00,00,000 (Rupees Five hundred and ninety crores only) divided into 1,17,60,80,000 (One hundred and seventeen crores, sixty lakhs and eighty thousand only) equity shares of ₹ 5 (Rupees Five only) each and 2,00,000 (Two lakhs only) preference shares of ₹ 98 (Rupees Ninety-eight only) each.

As at March 31, 2021, the issued, subscribed and paid-up share capital of the Company was ₹ 2,81,00,14,675 (Rupees Two hundred and eighty one crores, fourteen thousand, six hundred and seventy five only) divided into 56,20,02,935 (Fifty six crores, twenty lakhs, two thousand nine hundred and thirty five only) equity shares of ₹ 5 (Rupees Five only) each.

6. SCHEME OF REDUCTION OF SHARE CAPITAL

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 (₹)
Authorised Share Capital					
Equity shares of face value ₹ 10 each	58,80,40,000	5,88,04,00,000	Equity shares of face value ₹ 5 each	1,17,60,80,000	5,88,04,00,000
Preference shares of face value ₹98 each	2,00,000	1,96,00,000	Preference shares of face value ₹ 98 each	2,00,000	1,96,00,000
Issued, subscribed and paid-up Share Capital					
Equity shares of face value ₹10 each	56,20,02,935	5,62,00,29,350	Equity shares of face value ₹ 5 each	56,20,02,935	2,81,00,14,675

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	2,67,04,28,364	1,03,00,95,027	1,64,03,33,337
Profit and Loss (Dr) i.e. Accumulated Losses	3,84,01,09,702	3,84,01,09,702	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 extraordinary circumstances due to the COVID-19 pandemic requiring social distancing, Companies were advised to take all decisions requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of Postal Ballot/ e-voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that required the physical presence of members at a common venue.

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 was subject to approval of the shareholders, the Hon'ble National Company Law Tribunal ("NCLT"), Bengaluru Bench, 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, the NCLT and other statutory authorities as applicable, by writing-off the accumulated losses of ₹ 3,84,01,09,702 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 was 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 66 & 52 of the Companies Act, 2013.

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

In accordance with the requirements of the Companies Act and the MCA Circulars, the Company sent the Postal Ballot Notice dated May 22, 2020 by email to all its members who had 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 only.

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 the following link <https://www.subex.com/investors/capital-reduction/> for the Postal Ballot notice and related documents.

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 under the following link <https://www.subex.com/investors/capital-reduction/> and necessary disclosures were made to the Stock Exchanges. Subsequently, the Company had made an application before the Hon'ble National Company Law Tribunal, 'NCLT' Bengaluru Bench, Bengaluru, seeking their approval to the Scheme and the NCLT, vide its Order dated September 23, 2020, approved the Scheme of Reduction of Equity share capital of the Company from ₹ 562 Crores to ₹ 281 Crores, by reducing the face value of the equity shares from ₹ 10 to ₹ 5 per share. The certified copy of the Scheme was filed with the Registrar of Companies, Bengaluru, Karnataka, on September 29, 2020 (effective date of the Scheme). Post the receipt of the approval from the NCLT, the Company filed listing applications before the BSE Ltd and the National Stock Exchange of India Ltd and the trading approval for equity shares bearing face value of ₹ 5/- each was received, effective November 05, 2020.

7. SECRETARIAL STANDARDS

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

8. BUSINESS

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

Through HyperSense, an end-to-end augmented analytics platform, Subex empowers communications service providers and enterprise customers to make faster, better decisions by leveraging Artificial Intelligence (AI) analytics across the data

value chain. The solution allows users without a knowledge of coding to easily aggregate data from disparate sources, turn data into insights by building, interpreting and tuning AI models, and effortlessly share their findings across the organisation, all on a no-code platform.

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

Key Announcements in FY20-21

Telefónica partners with Subex for next-gen fraud prevention

Subex announced a partnership with Telefónica, one of the largest mobile network providers in the world, to provide the latest version of Subex Fraud Management Solution. As part of the engagement, the operator will be deploying Subex's Fraud Management, to all opcos in Telefónica's Hispam unit: Argentina, Chile, Venezuela, Ecuador, Mexico, Peru, Uruguay, and Colombia.

Subex selected by stc for its integrated Revenue Assurance and Fraud Management solution

Subex announced that it has been selected by Saudi Telecom Company ("stc") to deploy an integrated Revenue Assurance and Fraud Management (iRAFM) solution. This deal marks another chapter in the long-standing partnership between Subex and stc, through the earlier deployments of Subex's Revenue Assurance and an award-winning Fraud Management engagement, which began in 2003. By virtue of this decision, stc will be aiming to consolidate their technology stack with the latest solution from Subex, including replacement of other legacy systems.

Subex and SkyLab team up to secure the shipping industry

Subex and SkyLab, a leader in 5G Multi-Access Edge Computing (MEC) and Industrial IoT have announced a partnership to offer IoT and OT cybersecurity solutions and services to the maritime sector. These solutions offered jointly by Subex and SkyLab have been successfully deployed and are already securing ships and maritime infrastructure across oceans. The industry can look up to this partnership to protect their critical assets from cyberattacks and cybercrime.

Subex joins O-RAN Alliance to help accelerate the adoption of open radio access networks

Subex announced that it has become a member of the O-RAN Alliance to support the development and standardisation of Open RAN (radio access networks). With its expertise in advanced network analytics based on machine learning, Subex joins the alliance to help drive innovation in the radio access network domain – ultimately facilitating Open RAN that leverages embedded artificial intelligence (AI) to maximise network performance.

Tech Mahindra and Subex Partner to Drive Scale Adoption of Blockchain-based Solutions for Telecom Operators Globally

Tech Mahindra, a leading provider of digital transformation, consulting, business re-engineering services and solutions, and Subex, an industry leader in providing services based on

Digital Trust, have announced strategic partnership to roll-out blockchain based solutions for telecom operators globally. These solutions will enable fraud mitigation and drive operational efficiencies for Communication Service Providers (CSP) by reducing compliance complexities and faster time-to-market.

Subex launched Partner Ecosystem Management platform

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

9. SUBSIDIARIES (WHOLLY OWNED AND OTHER SUBSIDIARIES)

As on March 31, 2021, the Company has 10 subsidiaries.

SUBEX ASSURANCE LLP AND ITS SUBSIDIARIES

For the year ended March 31, 2021, Subex Assurance LLP earned a net income of ₹ 33,268 lakhs as against net income of ₹ 33,006 lakhs in the previous year and a net profit of ₹ 4,628 lakhs, as against a net loss of ₹ 12,930 lakhs in the previous year.

As at March 31, 2021, 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, 2021, the Standalone net income of Subex (UK) Limited was ₹ 20,974 lakhs as against ₹ 21,309 lakhs in the previous year, and a net profit of ₹ 2,487 lakhs as against ₹ 1,113 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, 2021, the Standalone net income of Subex (Asia Pacific) Pte. Limited was ₹ 3,898 lakhs as against ₹ 3,064 lakhs in the previous year, and a net loss of ₹ 347 lakhs as against a net profit of ₹ 19 lakhs in the previous year.
- Subex Inc. is a wholly owned subsidiary of Subex (UK) Limited. For the year ended March 31, 2021, the Standalone net income of Subex Inc. was ₹ 9,547 lakhs as against ₹ 10,290 lakhs in the previous year, and the net profit of ₹ 534 lakhs as against a net gain of ₹ 1,074 lakhs in the previous year.
- As on March 31, 2021, 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, 2021, the standalone net income of Subex Middle East (FZE) was ₹ 2,374 lakhs as against ₹ 2,433 lakhs in the previous year and net loss of ₹ 67 lakhs as against a net profit of ₹ 15 lakhs in the previous year.

- Subex Bangladesh Private Limited, is a wholly owned subsidiary of Subex Assurance LLP. For the year ended March 31, 2021, the standalone net income of Subex Bangladesh Private Limited was ₹ 266 lakhs as against ₹ 382 lakhs and a net loss of ₹ 57 lakhs as against a net profit of ₹ 11 lakhs.

SUBEX DIGITAL LLP

For the year ended March 31, 2021, Subex Digital LLP earned a net income of ₹ 1,429 lakhs as against ₹ 882 lakhs in the previous year, and a net loss of ₹ 2,043 lakhs as against a net loss of ₹ 1,989 lakhs in the previous year.

As at March 31, 2021, 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, 2021, Subex Technologies Limited incurred a net loss of ₹ 4 lakhs similar to net loss of ₹ 4 lakhs in the previous year.

SUBEX AMERICAS INC.

For the year ended March 31, 2021, the standalone net income of Subex Americas Inc. was ₹ 1,024 lakhs as against ₹ 2,459 lakhs in the previous year, and a net loss was ₹ 10 lakhs as against a net profit of ₹ 664 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, 2021, 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

The Employee Stock Option schemes of the Company endeavor to provide incentives and retain employees who contribute to the growth of the Company. During the year under review, there has been no variation in the terms of the existing ESOP schemes. Additional details have also been disclosed under Note 33 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 & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, are available on the Company's website under the following link <https://www.subex.com/investors/announcement-filing/> (click on Other Intimations).

EMPLOYEE STOCK OPTION PLAN-2018

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

The Board authorized the Nomination & Remuneration Committee, or such other person(s) as may be authorized by the Nomination & Remuneration Committee for the superintendence and administration of the Plan. The ESOP Plan has been implemented through the Subex Employee Welfare & ESOP Benefit Trust "ESOP Trust", which is authorized to acquire shares of the Company through secondary market for providing such share based payments to its employees. Total number of Options granted/to be granted under the Scheme shall not exceed 5% (Five percent) of the paid-up equity capital as on March 31, 2018. The Nomination & Remuneration Committee of the Company in their meeting held on February 01, 2021 granted 12,40,500 options approved under ESOP – 2018 scheme to the eligible employees.

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

Details of Loans, Guarantees or Investments covered under Section 186 of the Companies Act 2013, are given in note numbers 30 & 31 to the Standalone Financial Statements.

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

There have been no material changes for the period between end of the financial year 2020-21 and the date of this report, affecting the financial position of the Company.

14. CORPORATE GOVERNANCE

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

Your Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (LODR) Regulations, 2015, as amended from time to time. The 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-thirds of the Directors shall be subject to retirement by rotation. One-third of such Directors must retire from office at each Annual General Meeting "AGM" of the shareholders and a retiring Director is eligible for re-election. Accordingly, Mr. Shiva Shankar Naga Roddam, Whole-Time Director & COO, retires by rotation and being eligible, has offered to be re-appointed at the 27th AGM.

APPOINTMENT/ RE-APPOINTMENT

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

- a) 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 was approved by the members at the 26th AGM of the Company held on September 25, 2020. Mr. Singhvi continues to be the Chairman of the Company, in the capacity of a Non-Executive & Non-Independent Director.
- b) 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 26th AGM and the members approved the said appointment at the 26th AGM of the Company. Further, the Board at its meeting held on February 01, 2021, changed the employment agreement of Mr. Shiva Shankar Naga Roddam from Subex Assurance LLP to Subex Limited and subject to the approval of the members at the 27th AGM revised the remuneration of Mr. Shiva Shankar Naga Roddam with effect from April 01, 2021.

- c) At its meeting held on March 01, 2021, subject to the approval of the members at the 27th AGM approved the re-appointment of Mr. Vinod Kumar Padmanabhan as the Managing Director & CEO of the Company for a period of 3 years with effect from April 01, 2021.

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

17. BOARD MEETINGS

During the year, seven 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
1/2020-21	May 11, 2020
2/2020-21	July 15, 2020
3/2020-21	August 10, 2020
4/2020-21	September 24, 2020
5/2020-21	November 09, 2020
6/2020-21	February 01, 2021
7/2020-21	March 01, 2021

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 01, 2021 carried out an annual performance evaluation of its own performance, the Chairman and the Directors individually, as well as the evaluation of the working of its committees. The manner of evaluation has been explained in the Report on Corporate Governance.

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, 2021, the Audit Committee consisted of 4 (four) Directors as its members.

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

* Mr. Vinod Kumar Padmanabhan stepped down as a member of the Committee w.e.f. June 18, 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 thereto). 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 21st 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 26th AGM upto the conclusion of the 31st AGM and the said appointment was approved by the members at the 26th AGM of the Company.

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

SECRETARIAL AUDITORS

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

The Secretarial Audit Report for the year ended March 31, 2021 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 is enclosed as "Annexure D" to this report.

23. BUSINESS RESPONSIBILITY REPORT

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

24. CONSERVATION OF ENERGY

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

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

As a result of the change in the address of the Registered office of the Company (addressed in point 39 of this report), the Company has reduced its energy consumption and has added to its efforts of being eco-friendly. Suppliers delivering the products to Subex like 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 plastics, electricity and water, along with an increase in amount of waste that is recycled/ reused etc.
- iii. Increasing the awareness on environment safety and engagement of employees in such measures.
- iv. Adopting sustainable practices designed to ensure the health and safety of Subex's employees, stakeholders, and the environment.
- v. Operating its business in compliance of applicable environmental laws and regulations.

25. TECHNOLOGY ABSORPTION, ADOPTION, INNOVATION AND PRODUCT DEVELOPMENT

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. Please refer the Management Discussion & Analysis for further details on our products.

26. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2020-21, total foreign exchange inflow and outflow of the Company is as follows:

- i) Foreign Exchange inflow ₹ 1,482 lakhs (Previous Year ₹ 1,082 lakhs)
- ii) Foreign Exchange outflow ₹ 576 lakhs (Previous Year ₹ 366 lakhs)

27. CORPORATE SOCIAL RESPONSIBILITY

To enable contribution to the society and other stakeholders, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee). As on March 31, 2021 the CSR Committee comprises of the following Directors as its members:

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

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

Particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, (including amendments, if any) are given in "Annexure G" to this report.

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

SUBEX CHARITABLE TRUST

The Subex Charitable Trust ("SCT") extends the outlook of Subex as a corporate entity into community service. SCT was set up to provide for welfare activities for the under privileged and the needy in the society. SCT is managed by trustees elected from among the employees of the Company. Please refer page 31 of the Annual Report for details of the activities conducted during the year.

28. RISK MANAGEMENT POLICY & IMPLEMENTATION

The Risk Management Committee as required under Regulation 21 of the SEBI (LODR) Regulations, 2015 has been constituted voluntarily by the Company. According to Regulation 21 (5) of the said Regulations, as on March 31, 2021, the provisions of Risk Management Committee shall be applicable to top 500 listed entities, determined based on market capitalization.

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level also threaten the existence of the Company. Risks are assessed department wise such as financial risks, information technology related risks, legal risks, accounting fraud, etc. The Management also ensures

that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

29. HUMAN RESOURCE MANAGEMENT

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

30. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

Pursuant to the provisions of the Section 134(5)(f) of the Act, the Company during the year devised proper systems to ensure compliance with the provisions of all applicable laws. In effect, such compliance system was largely found to be adequate and operating effectively. The Directors have in the Directors Responsibility Statement under paragraph (f) of the Section also confirmed the same to this effect.

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

Subex is certified for ISO 9001:2015 (Quality Management System) and ISO 27001:2013 (Information Security Management System). Internal audits are conducted periodically for projects and support functions to adhere to these international standards. These audits are conducted across Bengaluru, UK and US locations to ensure processes are followed to provide a better customer experience. Summary of the audits are shared across organization to help understand strengths and weaknesses in the system. People involvement in organization process initiatives is one that approaches towards achieving better compliance, standardizing activities to consistently achieve better customer satisfaction.

This year Subex focused on additional security awareness programs and improve the existing business continuity controls owing to the pandemic. Additionally, we continued to identify and involve relevant stakeholders to review and align the processes to Subex's Business objectives.

31. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has implemented a vigil mechanism policy to deal with instances of fraud, leakage of unpublished price sensitive information and mismanagement, if any. The policy also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in all cases. The details of the policy are posted on the website of the Company under the link <https://www.subex.com/investors/shareholder-services/>. There were no complaints received during the year 2020-21.

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 company has also entered into an arrangement with its Indian group entities wherein common costs pertaining to sales and business support functions are cross charged.

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

- a) Pursuant to the approval of the Board of Directors at their meeting held on February 07, 2020 and the approval of the shareholders through Postal Ballot dated June 25, 2020, the NCLT, Bengaluru Bench, vide its Order dated September 23, 2020, approved the Scheme of Reduction of Capital of the Company, by reducing the Face Value per equity share from ₹ 10 to ₹ 5.
- b) Registrar of Companies 'ROC', vide its Order dated August 10, 2020, imposed a penalty of ₹ 4,00,000 under Section 203 (5) of the Companies Act, 2013, on the Company (₹ 2,00,000) and the officers in default (CEO & MD - ₹ 1,00,000, erstwhile CFO - ₹ 1,00,000), for delay in 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 filed its adjudication application before the ROC, Bengaluru, Karnataka, on October 09, 2019, pleading that the delay was purely by inadvertence and without any malafide intention. The penalty was paid by the Company and the officers and the details of the same were filed with the ROC in Form INC-28 on September 25, 2020 vide SRN R60492253. 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. ANNUAL RETURN

A copy of the Annual Return of the Company for the Financial year 2020-21, as required under Section 92 (3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 shall be placed on the Company's website <https://www.subex.com/investors/announcement-filing/> (click on Disclosures).

37. LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2020-21 to the Exchanges' where the Company's shares are listed i.e., the National Stock Exchange of India Ltd ('NSE') and the 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. SIGNIFICANT DEVELOPMENTS DURING THE YEAR

a) Change in address of Registered Office within local limits of Bengaluru City

The Board of Directors had on December 30, 2020 approved the change in address of the Registered Office of the Company within local limits of Bengaluru City i.e. from RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bengaluru-560103 to Pritech Park-SEZ, Block-09, 4th floor, B Wing, Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bengaluru-560 103. This change was with effect from January 04, 2021.

b) Receipt of request letters from persons belonging to the Promoter/Promoter Group for reclassification of the category of their shareholding from 'Promoter/Promoter Group' to 'Public'

The Board at its meeting held on February 01, 2021 took note of the request letters cum undertakings received from the below persons and approved the same, subject to the approval of the members of the Company and the regulatory authorities

Sl. No	Particulars	Request for reclassification
1	Subash Menon (Promoter)	Reclassification to the category of 'Public'
2	Sudeesh Yezhuvath (Promoter Group)	
3	Kivar Holdings Private Limited (Promoter Group)	

Pursuant to the amendment in Regulation 31A of the SEBI (LODR) Regulations, 2015, owing to the SEBI (LODR) (Second Amendment) Regulations, 2021 dated May 05, 2021, the Company has to receive revised request letters from the members of the 'Promoter/Promoter Group', for considering the request for re-classification.

40. 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, 2021, 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, 2021 and of the profit of the Company for the year ended on that date;

- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the accounts for the year ended March 31, 2021 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;

41. APPRECIATION/ACKNOWLEDGEMENTS

Your Directors thank the customers, vendors, investors, shareholders' and bankers for their continued support during

the year. We place on record our appreciation for the support / co-operation extended by the various departments of Government of India, Government of Karnataka, Central and State Government authorities particularly SEZ authorities, Ministry of Corporate Affairs, Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs, Banks, the Ministry of Commerce and Industry, Ministry of Labour and Employment, Reserve Bank of India, the Securities and Exchange Board of India, the BSE Limited, the National Stock Exchange of India Ltd, the National Securities Depository Limited, the Central Depository Services (India) Limited, the National Company Law Tribunal, Bengaluru Bench and other State Government authorities and look forward to their support in all future endeavors.

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

For Subex Limited

Anil Singhvi
Chairman, Non-Executive & Non-Independent Director
DIN:00239589
Place: Mumbai
Date: May 17, 2021

For Subex Limited

Vinod Kumar Padmanabhan
Managing Director & CEO
DIN:06563872
Place: Bengaluru
Date: May 17, 2021

