NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

1. Corporate information

Subex Limited ("the Company" or "Subex") a public limited company incorporated in 1994, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.

The Company pioneered the concept of a Revenue Operations Centre ("ROC") – a centralized approach that sustains profitable growth and financial health for the CSPs through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscriber-centric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/ inter-party settlement. Subex also offers a scalable Managed Services Program. The CSPs achieve competitive advantage through Business Optimization and Service Agility and improve their operational efficiency to deliver enhanced service experiences to their subscribers. The Company has its registered office in Bengaluru and operates through its wholly owned subsidiaries in India, USA, UK, Singapore, Canada, Bangladesh and UAE and branches in USA, UK, Canada, Australia, Italy, UAE and Saudi Arabia.

Effective November 1, 2017, the Company has restructured its business by way of transfer of its Revenue Maximisation Solutions and related businesses ("RMS business") and the Subex Secure and Analytics solutions and related businesses ("Digital business") to its subsidiaries, Subex Assurance LLP ("SA LLP") and Subex Digital LLP ("SD LLP") (together referred to as "LLPs"), respectively, hereinafter referred to as the "Restructuring" to achieve amongst other aspects, segregation of the Company's business into separate verticals to facilitate greater focus on each business vertical, higher operational efficiencies, and to enhance the Company's ability to enter into business specific partnerships and attract strategic investors at respective business levels, with an overall objective of enhancing shareholder value. Post such Restructuring, the Company continues to directly hold 99.99% share in the capital of, and in the profits and losses of, each of these LLPs and the entire economic interest as well as control and ownership of the RMS Business and Digital Business remains with the Company post such Restructuring.

These standalone financial statements for the year ended March 31, 2021 are approved by the Board of Directors on May 17, 2021.

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 33].

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:

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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 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.

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 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 19.

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

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts [Refer to note 2(j)].

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for the year ended March 31, 2021

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.

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.

Revenue from Support Services to group entities/related parties-Support Service income is recognized as services are rendered, on the basis of an agreed mark up on costs incurred, in accordance with the agreement entered into with group entities.

The 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

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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 Company expects to recognize these amounts in revenue.

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

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

Interest

Interest income is recognized as it accrues in the standalone statement of profit and loss using effective interest rate method.

e. Property, plant and equipment

Property, Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amounts of the assets and are recognized in the standalone statement of profit and loss when the assets are derecognized.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the standalone statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

g. Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets with finite useful lives is calculated on a straight-line basis over the useful lives of the assets estimated by the management, basis technical assessment:

The Company has used the following useful lives to provide depreciation on plant and equipment and amortization of intangible assets:

Assets	Useful life
Computer equipment	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipment	5 years
Leasehold improvements	5 years
Computer software	4 years
Intellectual property rights	10 years

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

h. Impairment

Impairment of financial assets

The Company assesses at each date of balance sheet whether

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a financial asset or a Group of financial assets is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Impairment of non-financial assets

Non-financial assets including Property, plant and equipment, 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 re-measurement 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

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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 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). 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.

k. Financial instruments

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

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

Cash and cash equivalents

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

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Derecognition of financial assets and liabilities

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first

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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.

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

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or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted with treasury shares.

p. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the standalone statement of profit and loss.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Compensated absences, which are expected to be utilised within the next 12 months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees render the related services are treated as long-term employee benefits for measurement purpose. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end, less the fair value of the plan assets out of which the obligations are expected to be settled. Actuarial gains/ losses are immediately taken to the standalone statement of profit and loss and are not deferred.

The Company presents the entire compensated absences balance as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

q. Foreign currencies

Foreign currency transactions are initially recorded in the functional currency of the Company by applying exchange rates prevailing on the date of the transaction. For practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss.

The Company's standalone financial statements are presented in INR (₹). The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

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.

s. Provision and contingencies

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. If the effect of time value of money is material, provision is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

t. Cash dividend to the equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u. Earnings/ (loss) per share

Basic earnings/ (loss) per share is computed by dividing the profit/ (loss) after tax attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest (net of any attributable taxes) other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

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'.

3. Property, plant and equipment

(₹ in Lakhs)

	Computer equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Office equipment	Total
Cost						
As at April 1, 2019	71	1	2	-	4	78
Additions	2	-	-	-	-	2
Disposals	-	-	-	-	-	-
As at March 31, 2020	73	1	2	-	4	80
Additions	46	-	-	9	-	55
Disposals	(4)	-	-	-	-	(4)
As at March 31, 2021	115	1	2	9	4	131
Depreciation						
As at April 1, 2019	57	-	1	-	2	60
Charge for the year	6	-	1	-	1	8
Disposals	-	-	-	-	-	-
As at March 31, 2020	63	-	2	-	3	68
Charge for the year	13	-	-	-	1	14
Disposals	(4)	-	-	-	-	(4)
As at March 31, 2021	72	-	2	-	4	78
Net block						
As at March 31, 2020	10	1	-	-	1	12
As at March 31, 2021	43	1	-	9	-	53

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

4. Intangible assets

(₹ in Lakhs)

	Computer software	Intellectual property rights	Total
Cost			
As at April 1, 2019	130	6,078	6,208
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	130	6,078	6,208
Additions	-	-	-
Disposals	(130)	-	(130)
As at March 31, 2021	-	6,078	6,078
Amortization			
As at April 1, 2019	130	1,091	1,221
Amortization for the year	-	488	488
Disposals	-	-	-
Impairment *	-	3,599	3,599
As at March 31, 2020	130	5,178	5,308
Amortization for the year	-	125	125
Disposals	(130)	-	(130)
As at March 31, 2021	-	5,303	5,303
Net block			
As at March 31, 2020	-	900	900
As at March 31, 2021	-	775	775

*During the previous year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which had resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management carried out the annual impairment exercise as at December 31, 2019 in respect of its intangible assets and basis valuation carried out by an external expert had made an impairment provision of ₹ 3,599 Lakhs towards carrying value of intangible asset. As at March 31, 2021, the management has reassessed its projections and assumptions and has concluded that, the carrying value of it's intangible asset is appropriate.

5. Investments

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Investments carried at cost		
A. Investments in equity shares of wholly owned subsidiaries (unquoted equity instruments)		
100 (March 31, 2020: 100) equity shares fully paid-up, no-par value, in Subex Americas Inc. [Impairment on investment ₹ 76,560 Lakhs (March 31, 2020: ₹ 76,560 Lakhs)]*	936	936
4,999,991 (March 31, 2020: 4,999,991) equity shares of ₹ 10 each fully paid-up in Subex Technologies Limited [Impairment on investment ₹ 500 Lakhs (March 31, 2020: ₹ 500 Lakhs)]	-	-
	936	936
B. Investments in limited liability partnership firms (refer note 21)		
Investment in Subex Assurance LLP [Impairment on investment ₹ 16,808 Lakhs (March 31, 2020: ₹ 16,808 Lakhs)]*	44,756	44,756
Investment in Subex Digital LLP*	1,869	1,869
	46,625	46,625
Total Investments carried at cost (A+B)	47,561	47,561

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

5. Investments (contd.)

(₹ in Lakhs)

Aggregate amount of unquoted investments in subsidiaries	1,41,429	1,41,429
Aggregate amount of impairment on investments	93,868	93,868
	47,561	47,561

*During the previous year ended March 31, 2020, considering the challenges and significant investment requirements of telecom operators which had resulted in longer opportunity conversion cycle and lower spends towards IT solutions, the management had carried out the annual impairment exercise as at December 31, 2019 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. As at March 31, 2021, the management has reassessed its projections and assumptions and has concluded that, the carrying value of it's investments in its subsidiaries is appropriate.

6. Loans

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Loan receivable		
Unsecured, considered good		
Security deposit	14	38
Loan receivable - credit impaired		
Loans to related parties	1,706	1,706
	1,720	1,744
Impairment Allowance for loan receivable		
Loan Receivables - credit impaired		
Loans to related parties	(1,706)	(1,706)
Total	14	38
Current		
Unsecured, considered good		
Loans and advances to employees	26	7
Total	26	7

7. Trade receivables*

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Trade receivables from related parties	1,768	500
Trade receivables from other than related parties	416	415
Unsecured, credit impaired		
Trade receivables from related parties	1,874	1,874
Trade receivables from other than related parties	365	388
Total (a)	4,423	3,177
Impairment allowance (allowance for expected credit loss)		
Receivable from related parties, credit impaired	(1,874)	(1,874)
Receivables from other than related parties, credit impaired	(365)	(388)
Total (b)	(2,239)	(2,262)
Net Trade Receivables (a-b)	2,184	915

*Includes dues from related parties. Refer note 30.

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, 2021

8. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Current		
Balance with banks		
In current accounts	137	72
Deposits with original maturity of less than 3 months	260	320
Earmarked balances with banks being unpaid dividend accounts*^	-	-
	397	**392**

^Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off.

* These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities.

For the purpose of the standalone statement of cash flows, cash and cash equivalents comprises of current portion of cash and cash equivalents as above.

9. Other financial assets

Unsecured, considered good

Carried at amortized cost

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Current		
Share of profit in excess of drawings from Subex Assurance LLP	3,900	1,871
	3,900	1,871

10. Income tax assets (net)

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Advance income-tax [net of provision for taxation ₹ 995 Lakhs (March 31, 2020: ₹ 995 Lakhs)]	2,900	2,900
	2,900	2,900

11. Deferred tax asset

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-Current		
Minimum alternative tax ('MAT') credit entitlement	425	425
Less: Provision for MAT credit*	(425)	(425)
	-	-

*During the previous year ended March 31, 2020, the MAT credit entitlement of ₹ 425 Lakhs has been provided for considering the uncertainty as regards to its utilisation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

12. Other assets

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Balance with statutory/ government authorities *	267	267
Less: Provision for service tax receivable	(267)	-
	-	267
Current		
Balance with statutory/ government authorities	9	8
Advance recoverable in cash or kind		
Prepaid expenses	6	4
Advance to suppliers	48	8
	63	20

* Balances represents service tax inadvertently paid by the Company during the financial years 2004 to 2008, under reverse charge mechanism, for which refund application has been filed with the service tax department and the same was under dispute. During the year ended March 31, 2021, the Company has made provision of ₹ 267 Lakhs considering the uncertainty as regards to its realisation.

13. Share capital

Authorised share capital	No.	₹ in Lakhs
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020*		
As at April 1, 2019	58,80,40,000	58,804
Increase during the year	-	-
As at March 31, 2020	58,80,40,000	58,804
Increase during the year	-	-
Increase pursuant to Capital reduction order*	58,80,40,000	-
As at March 31, 2021	**1,17,60,80,000**	**58,804**
Preference shares of ₹ 98 each		
As at April 1, 2019	2,00,000	196
Increase during the year	-	-
As at March 31, 2020	2,00,000	196
Increase during the year	-	-
As at March 31, 2021	2,00,000	196
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 5 each w.e.f September 29, 2020 and ₹ 10 each upto September 28, 2020*^		
As at April 1, 2019	56,20,02,935	56,200
Issued during the year	-	-
As at March 31, 2020	56,20,02,935	56,200
Issued during the year	-	-
Adjustment pursuant to Capital reduction order*	-	(28,100)
As at March 31, 2021	56,20,02,935	28,100

* The Board of Directors in its meeting held on February 07, 2020, approved a scheme of Capital Reduction in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said Scheme vide its order dated September 23, 2020. Consequently, the Company filed a certified copy of Order with Registrar of Companies ('ROC') on September 29, 2020 and utilized an amount of ₹ 28,100 Lakhs from paid-up share capital of the Company by reducing the face value of the equity shares from ₹ 10/- to ₹ 5/- each and ₹ 10,301 Lakhs from securities premium to write-off its accumulated losses of ₹ 38,401 Lakhs.

^ includes 243,207 (March 31, 2020: 243,207) shares in respect of which Global Depository Receipts of the Company are listed on London Stock Exchange.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

13. Share capital (contd.)

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share w.e.f September 29, 2020 and ₹ 10 per share upto September 28, 2020. Each holder of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) As at March 31, 2021 and as at March 31, 2020, 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, 2021	As at March 31, 2020
Outstanding employee stock options under below schemes granted/ available for grant (refer note 33):		
ESOP - V	1,98,71,500	2,19,75,000
	1,98,71,500	2,19,75,000

d) Number of treasury shares outstanding

	As at March 31, 2021	As at March 31, 2020
Balance as per last financial statements	2,19,75,000	1,12,00,000
Add: Additions during the year	2,50,000	1,12,00,000
Less: Exercise during the year	(23,53,500)	(4,25,000)
Closing balance	1,98,71,500	2,19,75,000

14. Other equity

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
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	26,712	26,705
Less: Adjustment pursuant to Capital reduction order	(10,301)	-
Add: On account of exercise of stock options	33	7
Closing balance	16,444	26,712
General reserve		
Balance as per last financial statements	1,780	1,780
Add: On account of vested options lapsed during the year	3	-
Closing balance	1,783	1,780

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

14. Other equity (contd.)

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Employee stock options reserve		
Balance as per last financial statements	114	17
Add: Share based expenses	147	102
Less: On account of exercise of stock options	(26)	(5)
Less: On account of vested options lapsed during the year	(3)	-
Closing balance	232	114
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(36,325)	(15,684)
Add: Profit for the year	2,622	(20,588)
Add: Adjustment pursuant to Capital reduction order	38,401	-
Less: Effect of adoption of Ind AS-116 Leases	-	(32)
Less: OCI - Re-measurement loss on defined benefit obligations	-	(21)
Less: Interim dividend [refer 14(a)]	(2,746)	-
Closing balance	1,952	(36,325)
Treasury Shares		
Balance as per last financial statements	(1,233)	(645)
Less: Equity shares purchased by Subex Employee Welfare and ESOP Benefit Trust	(22)	(611)
Add: On account of exercise of stock options	134	23
Closing balance	(1,121)	(1,233)
Summary of other equity:		
Capital Reserve The Company recognises profit and loss on transfer of business on account of restructuring to capital reserve.	2,776	2,776
Securities premium account Securities premium is used to record the premium on issue of shares 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.	16,444	26,712
General reserve This represents appropriation of profit by the Company. Also, the amounts recorded in share options outstanding account are transferred to general reserve on account of lapse of vested stock options.	1,783	1,780
Employee stock options reserve The employee stock option reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to reserves upon exercise of stock options by employees.	232	114
Surplus/ (deficit) in the statement of profit and loss This represents surplus/ (deficit) arising from operations of the Company.	1,952	(36,325)
Treasury Shares This represents own equity shares that are acquired from open market for issuance to employees under ESOP scheme.	(1,121)	(1,233)
Total other equity	22,066	(6,176)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

14(a) Distributions made and proposed

During the year ended March 31, 2021, the Board of Directors at its meeting held on February 01, 2021 had declared an interim dividend of ₹ 0.50/- (10 %) per equity share on face value of ₹ 5/- each for the financial year 2020-2021. The interim dividend was paid during the year that resulted in cash outflow of ₹ 2,746 Lakhs.

The Board of Directors has also recommended a final dividend of ₹ 0.25/-(5%) per equity share on face value of ₹ 5/- each for the financial year 2020-2021. This payment is subject to the approval of shareholders at the Annual General Meeting of the Company and if approved, would result in a cash outflow of approximately ₹ 1,373 Lakhs.

With effect from 1 April 2020, the Dividend Distribution Tax ('DDT') payable by the company under section 115O of Income Tax Act was abolished and a withholding tax was introduced on the payment of dividend. As a result, dividend is now taxable in the hands of the recipient.

15. Trade payables

Carried at amortized cost (₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	3	5
- total outstanding dues of creditors other than micro enterprises and small enterprises**	355	281
	358	286

*Payable to micro enterprises and small enterprises

(₹ in Lakhs)

Description	As at March 31, 2021	As at March 31, 2020
a) the principal amount remaining unpaid to any supplier as at the end of accounting year;	3	5
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 30.

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 37.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

16. Other current financial liabilities

Carried at amortized cost (₹ in Lakhs)

Current	As at March 31, 2021	As at March 31, 2020
Share of Loss from Subex Digital LLP	6,395	4,352
Employee related liabilities	512	47
Payable to related parties	2	2
Unclaimed dividend^	-	-
	6,909	4,401

^ Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off.

17. Other current liabilities

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Unearned revenue	-	1
Statutory dues	99	21
	99	22

18. Provisions

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Non-current		
Provisions for employee benefits		
Gratuity [refer note 34(b) and 42]	116	3
	116	3
Current		
Provisions for employee benefits		
Gratuity [refer note 34(b) and 42]	26	3
Leave benefits [refer note 42]	64	9
	90	12

19. Income tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Current		
Provision for tax [net of advance tax ₹ 3 Lakhs (March 31, 2020: ₹ Nil)]	32	-
Provision for foreign taxes	1	6
Provision for litigation [net of tax deducted at source ₹ 62 Lakhs (March 31, 2020: ₹ 62 Lakhs)]*	102	102
	135	108

* 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 32(i) for further details.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

19. Income tax liabilities (net) (contd.)

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

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Tax expense:		
Provision for MAT credit	-	425
Reversal - foreign withholding taxes*	(6)	(307)
MAT liability	35	-
	29	118

*Represents reversal of provision in respect of foreign withholding taxes deducted/ deductible by the overseas customers of the Company, no longer required.

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, 2021	As at March 31, 2020
Profit/ (loss) before tax expense	2,651	(20,470)
Applicable tax rates in India	34.94%	34.94%
Computed tax charge (A)	926	(7,153)
Components of tax expense:		
Reversal for foreign withholding taxes (net)	(6)	(307)
Deferred tax asset not recognised on carry forward losses*	-	1,940
Exempt (income)/ expense - share of (profit)/ loss from LLP's	(903)	5,213
Provision for MAT credit	-	425
Impact of disallowable income/ expense	12	-
Total adjustments (B)	(897)	7,271
Total tax expense (A+B)	29	118

*In respect of carry forward losses as at March 31, 2021 and March 31, 2020, no deferred tax asset has been recognized in absence of reasonable certainty that future taxable profit will be available for utilisation since share of profit/loss from LLP is exempt in the hands of the Company.

20. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of services	2,714	1,079
Other operating income	202	-
	2,916	1,079
Disaggregation of revenue:		
Revenue by offering		
Sub-contracting services (refer note 30)	1,308	1,079
Support services (refer note 42)	1,406	-
	2,714	1,079

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

21. Share of profit/ (loss) from Limited Liability Partnerships before exceptional items (net)

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Share of profit from Subex Assurance LLP	4,628	3,878
Share of loss from Subex Digital LLP	(2,043)	(1,989)
	2,585	1,889

22. Other income

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Insurance claim	-	155
Interest income on:		
Security deposits	2	3
Bank deposits	7	26
Miscellaneous income	-	18
	9	202

23. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries,wages and bonus (refer note 42)	1,270	574
Contribution to provident and other funds	43	21
Employee share based payments	9	7
Gratuity expense [refer note 34(b)]	10	4
Staff welfare expenses	29	10
	1,361	616

24. Finance cost

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on Lease liability	14	28
	14	28

25. Depreciation and amortization expense

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	14	8
Depreciation on right-of-use assets	54	66
Amortization of intangible assets	125	488
	193	562

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

26. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Cost of hardware, software and support charges	11	8
Sub-contract charges	36	8
Rent	13	11
Power and fuel	8	15
Repairs and maintenance		
Building	2	6
Others	23	24
Insurance	1	8
Communication costs	14	16
Printing and stationery	-	10
Travelling and conveyance	-	79
Rates and taxes	72	91
Advertisement and business promotion	19	26
Consultancy charges	92	164
Commission to directors	48	-
Payments to auditors [refer note 26(i)]	39	45
Allowance for expected credit loss (net)	(23)	12
Directors sitting fees (refer note 30)	66	50
Bank Charges	1	4
	422	577

26(i). Payments to auditors (excluding goods and services tax):

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
As auditor		
Audit fee	35	35
Tax audit fee	1	1
In other capacity		
Other services (certification services)	2	7
Reimbursement of expenses	1	2
	39	45

27. Leases

During the year ended March 31, 2021, the Company had decided to shift from its earlier corporate office to a new premises in Bengaluru, India. Consequently, on account of the termination of lease agreement and in accordance with Ind AS 116 – 'Lease', the Company had written-off the amortized value of existing right-of-use asset of ₹ 195 Lakhs and Lease liability of ₹ 223 Lakhs determined till the completion of notice period and vacation of existing premises, and has recognized a net gain of ₹ 36 Lakhs as Exceptional Item.

On account of entering into the new lease agreement, the Company recognised a right-of-use asset of ₹ 50 Lakhs and lease liability of ₹ 48 Lakhs. The average incremental borrowing rate of 8.35% has been applied to lease liabilities recognised in the balance sheet at the date of commencement of the new lease.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

27. Leases (contd.)

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	-	-
Disposals	-	-
As at March 31, 2020	311	311
Additions	50	50
Disposals on termination of lease agreement	(311)	(311)
As at March 31, 2021	50	50
Accumulated Depreciation		
As at April 1, 2019		
Charge for the year	66	66
Disposals	-	-
As at March 31, 2020	66	66
Charge for the year	54	54
Disposals on termination of lease agreement	(116)	(116)
As at March 31, 2021	4	4
Net block		
As at March 31, 2020	245	245
As at March 31, 2021	46	46

The Company incurred ₹ 13 Lakhs for the year ended March 31, 2021 (March 31, 2020: ₹ 11 Lakhs) 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)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	272	326
Additions	48	-
Interest on lease liabilities	14	28
Payments	(65)	(82)
On account of lease modification	(223)	-
Closing balance	46	272
Current	11	82
Non-current	35	190

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

27. Leases (contd)

The following are the amounts recognised in statement of profit and loss:

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	54	66
Interest expense on lease liabilities	14	28
Expense relating to short-term leases (included in other expenses)	13	11
Gain on termination of lease agreement *	(36)	-
Total amount recognised in statement of profit and loss	45	105

*Represents gain arising on termination of the lease agreement of existing office premises in India.

The Company had total cash outflows for leases of ₹ 65 Lakhs for the year ended March 31, 2021 (March 31, 2020: ₹ 82 Lakhs). There are no future cash outflows relating to leases that have not yet commenced.

28. 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, 2021	Year ended March 31, 2020
Nominal value per equity share (₹ 5/- each w.e.f September 29, 2020 and ₹ 10 upto September 28, 2020)	5	10
Profit/(loss) attributable to equity shareholders (₹ in Lakhs)	2,622	(20,588)
Weighted average number of equity shares (No. in Lakhs)*		
Basic	5,406	5,452
Diluted	5,513	5,452
Earnings/(loss) per share (₹ per share)**		
Basic	0.49	(3.78)
Diluted	0.48	(3.78)

*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, 2021 are dilutive (March 31, 2020: anti-dilutive) and accordingly have been considered for the purpose of computing dilutive EPS.

29. 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

29. Segment reporting (contd)

are considered to constitute one segment and hence the Company has not made any additional segment disclosures. The Company's operations spans across the world and are categorized geographically as (a) Americas, (b) EMEA (c) India and (d) APAC. 'Americas' comprises the Company's operations in North America, South America and Canada. 'EMEA' comprises the Company's operations in Europe, Middle East and APAC comprises of the Company's operations majorly in Singapore, Australia and Bangladesh. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows*:

(₹ in Lakhs)

Region	Year ended March 31, 2021	Year ended March 31, 2020
Americas	430	424
EMEA	202	-
India	1,406	-
APAC	878	655
	2,916	1,079

* 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, 2021 and March 31, 2020. Revenue from its subsidiaries accounts for more than 10% of the total revenues of the Company (refer note 30).

Non-current operating assets by geographical location are as follows:**

(₹ in Lakhs)

Region	As at March 31, 2021	As at March 31, 2020
India	874	1,424
Outside India	-	-
Total non-current operating assets	874	1,424

** 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.

30. Related party transactions

i. **Related parties where control exists**

Wholly owned subsidiaries

Subex Americas Inc.

Subex (UK) Limited

Subex Technologies Limited

Subex Azure Holdings Inc.

Subex (Asia Pacific) Pte. Limited

Subex Inc.

Subex Middle East (FZE)

Subex Assurance LLP

Subex Digital LLP

Subex Bangladesh Private Limited

Trust which is consolidated

Subex Employee Welfare and ESOP Benefit Trust

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

30. Related party transactions (contd.)

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

Key management personnel

Anil Singhvi	Chairman, Non-Executive & Non-Independent Director (w.e.f June 18, 2020) Chairman & Independent Director (upto June 17, 2020)
Nisha Dutt	Independent Director
Poornima Kamalaksh Prabhu	Independent Director
George Zacharias	Independent Director (w.e.f. May 13, 2019)
Vinod Kumar Padmanabhan	Managing Director & Chief Executive Officer
Shiva Shankar Naga Roddam	Whole-time Director & Chief Operating Officer (w.e.f February 7, 2020)
Venkatraman G S	Chief Financial Officer & Senior Vice President
G V Krishnakanth	Company Secretary & Compliance Officer

iii. Details of the transactions with the related parties during the year ended March 31, 2021:

A. Transactions with wholly owned subsidiaries

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Income from software development, subcontracting and support services:		
Subex Inc.	430	424
Subex (Asia Pacific) Pte. Limited	878	655
Subex Assurance LLP (refer note 42)	1,331	-
Subex Digital LLP (refer note 42)	75	-
	2,714	1,079
Marketing and support charges:		
Subex Inc.	516	528
Subex (Asia Pacific) Pte. Limited	-	2
Subex Assurance LLP (refer note 42)	131	-
Subex Digital LLP (refer note 42)	4	-
	651	530
Employee Stock Option expenses allocated to:		
Subex Assurance LLP	121	84
Subex Digital LLP	17	10
	138	94
Reimbursement of expenses incurred by Subex Limited on behalf of its subsidiaries:		
Subex (UK) Limited	1	-
Subex Assurance LLP	56	106
Subex Digital LLP	3	10
Subex (Asia Pacific) Pte. Limited	18	16
	78	132
Reimbursement of expenses incurred by the subsidiaries on behalf of Subex Limited:		
Subex Assurance LLP	48	17
Subex (Asia Pacific) Pte. Limited	3	15
Subex (UK) Limited	-	1
Subex Inc.	1	1
	52	34

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

30. Related party transactions (contd.)

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Drawings during the year from Limited Liability Partnership:		
Subex Assurance LLP	2,600	1,772
	2,600	1,772
Advance repaid by Trust		
Subex Assurance LLP	2	-
	2	-
Share of profit/ (loss) from Limited Liability Partnerships before exceptional items :		
Subex Assurance LLP	4,628	3,878
Subex Digital LLP	(2,043)	(1,989)
	2,585	1,889
Share of profit/(loss) from Subex Assurance LLP on account of :		
Impairment of intangible assets and Investment in subsidiary	-	(16,808)
	-	(16,808)
Net liabilities transferred from (refer note 42):		
Subex Assurance LLP	445	-
Subex Digital LLP	21	-
	466	-

B. Transactions with key managerial personnel

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Salary and perquisites*		
Vinod Kumar Padmanabhan **	57	57
Venkatraman G S **	113	67
G V Krishnakanth **	46	50
Shiva Shankar Roddam**^	17	-
	233	174
Dividend paid		
Vinod Kumar Padmanabhan	2	-
Venkatraman G S	2	-
Shiva Shankar Roddam	1	-
	5	-
Director sitting fees		
Anil Singhvi	20	19
Nisha Dutt	16	10
Poornima Prabhu	19	17
George Zacharias	11	4
	66	50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

30. Related party transactions (contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
Commission payable***		
Anil Singhvi	12	-
Nisha Dutt	12	-
Poornima Prabhu	12	-
George Zacharias	12	-
	48	-

* The remuneration to the key managerial personnel does not include the provision/ accruals made on best estimate basis as they are determined for the Company as a whole.

** During the year ended March 31, 2021, the Company has granted Nil ESOPs (March 31, 2020 : 4,00,000 ESOPs) to certain key management personnel under ESOP 2018 scheme. Of the aforesaid ESOPs, 3,60,000 (March 31, 2020 : Nil) options has been exercised during the year ended March 31, 2021. Refer note 33.

^ 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 which is subject to the approval of the members at the Annual General Meeting of the Company.

*** Commission payable to Independent Directors and Non-Executive Director is subject to the approval of shareholders at the Annual General Meeting of the Company.

iv. Details of balances receivable from and payable to related parties are as follows:

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Balances receivable from and payable to wholly owned subsidiaries		
Trade receivables		
Subex Americas Inc. [Net of provision of ₹ 1,841 Lakhs (March 31, 2020: ₹ 1,841 Lakhs)]	-	-
Subex Inc.	250	182
Subex (Asia Pacific) Pte. Limited [Net of provision of ₹ 33 Lakhs (March 31, 2020: ₹ 33 Lakhs)]	65	259
Subex Assurance LLP	1,372	46
Subex UK Limited	1	-
Subex Digital LLP	80	13
	1,768	500
Trade payables		
Subex (UK) Limited	-	1
Subex Inc.	87	181
Subex (Asia Pacific) Pte. Limited	3	15
Subex Digital LLP	4	-
Subex Assurance LLP	150	1
	244	198
Loans receivable		
Subex Technologies Limited [Net of provision of ₹ 1,706 Lakhs (March 31, 2020: ₹ 1,706 Lakhs)]	-	-
	-	-
Current financial assets		
Share of profit from investment in Subex Assurance LLP	3,900	1,871
	3,900	1,871

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

30. Related party transactions (contd.)

	As at March 31, 2021	As at March 31, 2020
Current financial liabilities		
Share of loss from investment in Subex Digital LLP	6,395	4,352
Payable to related party	2	2
	6,397	4,354

Also, refer note 32(iii) for comfort letter given to subsidiaries.

31. 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, 2021		As at March 31, 2020	
	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
	1,706		1,706	

* Loans and advances to Subex Technologies Limited is provided for as at March 31, 2021: ₹ 1,706 Lakhs (March 31, 2020: ₹ 1,706 Lakhs).

32. Contingent liabilities

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Income tax demands [refer note (i)]	2,307	2,317
Service tax demands [refer note (ii)]	3,687	3,687

i. Income tax

The Company has received assessment orders in respect of each of the financial years 2010-11, 2013-14 and 2014-15, wherein certain adjustments were made to the taxable income in relation to various matters including adjustments in respect of transfer pricing under section 92CA of the Income Tax Act, 1961 and disallowances of certain expenditures. These demands are disputed by the management and the Company has filed appeals against these orders with various appellate authorities. The management, including its tax experts/ advisors, are of the view that the prices determined by it are at arm's length, expenditures are deductible based on outcome of previous litigations, and is confident that its position will likely be upheld on ultimate resolution and will not have material adverse effect on the Company's financial position and results of operations. With respect to the 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

32. Contingent Liabilities (contd.)

iii. The Company has issued comfort letter to provide continued financial support to its subsidiaries viz., Subex Americas Inc. and Subex Digital LLP.

33. 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.

During the year 2018-2019, the Board of Directors and the shareholders of the Company approved "Subex Employees Stock Option Scheme – 2018" (referred to as the "ESOP Scheme 2018" or "ESOP - V") to be administered through Subex Employee Welfare and ESOP Benefit Trust (referred to as the "ESOP Trust"). The ESOP Trust is authorised to acquire shares of the Company through secondary market for 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 ESOP trust held 1,98,71,500 and 2,19,75,000 treasury shares as at March 31, 2021 and March 31, 2020, respectively.

The Nomination and Remuneration Committee of the Company in their meeting held on February 1, 2021 granted options 12,40,500 (March 31, 2020: 1,28,00,000) under approved ESOP V scheme to the eligible employees. 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:

	2020-21		2019-20	
	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
ESOP – V	2,19,75,000	6.00	1,06,50,000	6.00
Exercised during the year				
ESOP – III	-	-	-	-
ESOP – V	23,53,500	6.00	4,25,000	6.00
Granted during the year				
ESOP – III	-	-	-	-
ESOP – V	12,40,500	18.00	1,28,00,000	6.00
Forfeited and expired during the year				
ESOP – III	-	-	6,125	13.74
ESOP – V	9,90,500	6.00	10,50,000	6.00
Options outstanding at the end of the year				
ESOP – III	-	-	-	-
ESOP – V	1,98,71,500	6.75	2,19,75,000	6.00
Options exercisable at the end of the year				
ESOP – III	-	-	-	-
ESOP – V	1,19,24,750	6.00	43,75,000	6.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

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

Details of weighted average remaining contractual life and range of exercise prices for the options outstanding at the balance sheet date:

Particulars	Weighted average remaining contractual life(years)*		Range of exercise prices (₹)	
	2020-21	2019-20	2020-21	2019-20
ESOP – III	-	-	-	-
ESOP – V	2.16	2.94	6.00-18.00	6.00

* considering vesting and exercise period

Fair value methodology

The key assumptions used in Black-Scholes model for calculating fair value of ESOP V during the year is as below:

Particulars	March 31, 2021	March 31, 2020
Risk-free interest rate	6.12%	6.70%
Expected volatility of share	72.08%	41.00%
Expected life(years)	2	2
Dividend yield	1.88%	-
Exercise Price	18.00	6.00
Weighted average fair value as on grant date (₹)	12.64	1.23

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 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 ₹ 41 Lakhs (March 31, 2020: ₹ 20 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, 2021	As at March 31, 2020
A.	Change in defined benefit obligation		
	Obligations at beginning of the year	25	20
	Liability transfer [refer note 42]	151	-
	Service cost	10	4
	Interest cost	1	1
	Benefits settled	(10)	(21)
	Actuarial loss (through OCI)	1	21
	Obligations at end of the year	178	25

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

34. Employee benefit plans (contd.)

B.	Change in plan assets		
	Plan assets at beginning of the year, at fair value	19	19
	Expected return on plan assets	1	1
	Actuarial gain (through OCI)	1	-
	Contributions	25	20
	Benefits settled	(10)	(21)
	Plan assets at the end of the year	36	19
	Present value of defined benefit obligation at the end of the year	(178)	(25)
	Fair value of plan assets at the end of the year	36	19
C.	Net liability recognised in the standalone balance sheet	(142)	(6)

(₹ in Lakhs)

		Year ended March 31, 2021	Year ended March 31, 2020
D.	Expenses recognised in the standalone statement of profit and loss:		
	Service cost	10	4
	Net gratuity cost	10	4
E.	Re-measurement gains/ (losses) in OCI		
	Actuarial (loss)/ gain due to financial assumption changes	2	-
	Actuarial (loss)/ gain due to experience adjustments	(3)	(21)
	Actuarial (loss)/ gain - return on plan assets greater than discount rate	1	-
	Total expenses recognised through OCI	-	(21)
F.	Assumptions		
	Discount rate	5.79%	6.41%
	Expected return on plan assets	6.41%	7.30%
	Salary escalation*	6.00%	7.00%
	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, 2020: Indian Assured Lives Mortality (2012-14)].

* The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, benefit obligation such as supply and demand in the employment market.

(₹ in Lakhs)

		As at March 31, 2021	As at March 31, 2020
G.	Five years pay-outs		
	Year 1	26	3
	Year 2	26	3
	Year 3	24	3
	Year 4	22	3
	Year 5	20	3
	After 5th Year	119	20
H.	Contribution likely to be made for the next one year	26	3

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

34. Employee benefit plans (contd.)

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, 2021	As at March 31, 2020
Investment with insurer	100%	100%

J. Sensitivity analysis (₹ in Lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
Effect of change in discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation increase/ (decrease)	(3.74)	3.91	(0.57)	0.60
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation increase/ (decrease)	7.02	(6.63)	1.19	(1.11)
Effect of change in withdrawal assumption	5% increase	5% decrease	5% increase	5% decrease
Impact on defined benefit obligation increase/ (decrease)	(3.29)	3.33	(0.84)	(1.01)

K. The average duration of the defined benefit plan obligation at the end of the reporting period of gratuity is 5 years (March 31, 2020: 6 years).

35. 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.

36. Fair value hierarchy

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets measured at amortized cost		
Share of profit in excess of drawings from Subex Assurance LLP*	3,900	1,871
Trade receivables*	2,184	915
Security deposits^	14	38
Loans and advances to employees*	26	7
	6,124	2,831
Cash and cash equivalents and other balances with banks		
Balance with banks	397	392
Earmarked balances with banks being unpaid dividend accounts#	-	-
	397	392
Financial liabilities measured at amortized cost		
Employee related liabilities*	512	47

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

36. Fair value hierarchy (contd.)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables*	358	286
Payable to related party*	2	2
Share of Loss from investment in Subex Digital LLP*	6,395	4,352
Lease Liabilities^	46	272
	7,313	4,959

* 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.

Represents ₹ 6,159 of unpaid dividend which is presented as Nil due to rounding off.

37. Financial risk management

The Company's activities expose it to the following risks:

i. Credit risk

ii. Interest rate risk

iii. Liquidity risk

iv. Market risk

i. Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Company's credit period generally ranges from 30 - 180 days. The credit risk exposure of the Company is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	2,184	915
Total	2,184	915

The movement in credit loss allowance on customer balance is as follows :

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Opening balance	2,262	2,255
Add/ (less): (Reversal)/ provision during the year	(15)	12
Less: Bad-debts written-off	-	(18)
Add/ (less): Translation difference	(8)	13
Closing balance	2,239	2,262

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

37. Financial risk management (contd.)

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, 2021 and as at March 31, 2020. 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, 2021	As at March 31, 2020
Cash and cash equivalents	397	392
	397	392

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	On demand	0-180 Days	181-365 Days	More than 365 Days	Total
As at March 31, 2021					
Trade payables	-	355	3	-	358
Lease Liability*	-	6	6	45	57
Other financial liabilities	-	6,909	-	-	6,909
	-	7,270	9	45	7,324
As at March 31, 2020					
Trade payables	50	232	4	-	286
Lease Liability*	-	41	41	243	325
Other financial liabilities	-	4,401	-	-	4,401
	50	4,674	45	243	5,012

*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, 2021

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	463	65	-	528
Total financial assets	463	65	-	528
Financial liabilities				
Trade payables	87	3	-	90
Total financial liabilities	87	3	-	90
Net financial assets/ (liabilities)	376	62	-	438

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

37. Financial risk management (contd.)

March 31, 2020

(₹ in Lakhs)

Particulars	Denominated currency			Total
	USD	SGD	Others	
Financial assets				
Trade receivables	392	259	1	652
Total financial assets	392	259	1	652
Financial liabilities				
Trade payables	182	15	1	198
Total financial liabilities	182	15	1	198
Net financial assets/ (liabilities)	210	244	-	454

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the Company would cause the profit before exceptional items in proportion to revenue of the Company to decrease or increase respectively by 0.15% (March 31, 2020: 0.42%).

38. 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, 2021, considering losses incurred in past years, the Company does not have the obligation to incur expenses in relation to CSR.

39. 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, 2021 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.

40. During the previous year ended March 31, 2020, the Company entered into settlement agreement with former MD & CEO and former COO of the company in respect of long drawn litigation wherein certain claims were made against the Company. In terms of the settlement agreement, the Company paid an amount of ₹ 820 Lakhs (net of ₹ 234 Lakhs recoverable from such ex-employees). Accordingly, the aforesaid litigation is amicably settled.

41. 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.

42. With effect from January 1, 2021, the Company has carried out strategic re-organization and decided to centralize certain key Sales and Business support functions, to drive better efficiency of scale and overall operations. Accordingly, all such employees in sales and business support functions from other group entities in India have been transferred to the Company.

Pursuant to the above re-organisation, common costs pertaining to sales and business support function amounting to ₹ 1,406 Lakhs (including ₹ 422 Lakhs up for the period from April 01, 2020 to December 31, 2020) has been recovered by the Company with an agreed mark-up from other group entities and is reflected under revenue from operations. Similarly, an amount of ₹ 135 Lakhs (including ₹ 117 Lakhs for the period from April 01, 2020 to December 31, 2020) has been charged to the Company by other group entities and is reflected under marketing and support charges. Also, due to above re organisation, net liabilities of ₹ 445 Lakhs and ₹ 21 Lakhs has been transferred to the Company from Subex Assurance LLP and Subex Digital LLP respectively.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

43. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place: Bengaluru, India
Date: May 17, 2021

For and on behalf of the Board of Directors

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

Anil Singhvi
Chairman, Non- Executive & Non-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 17, 2021