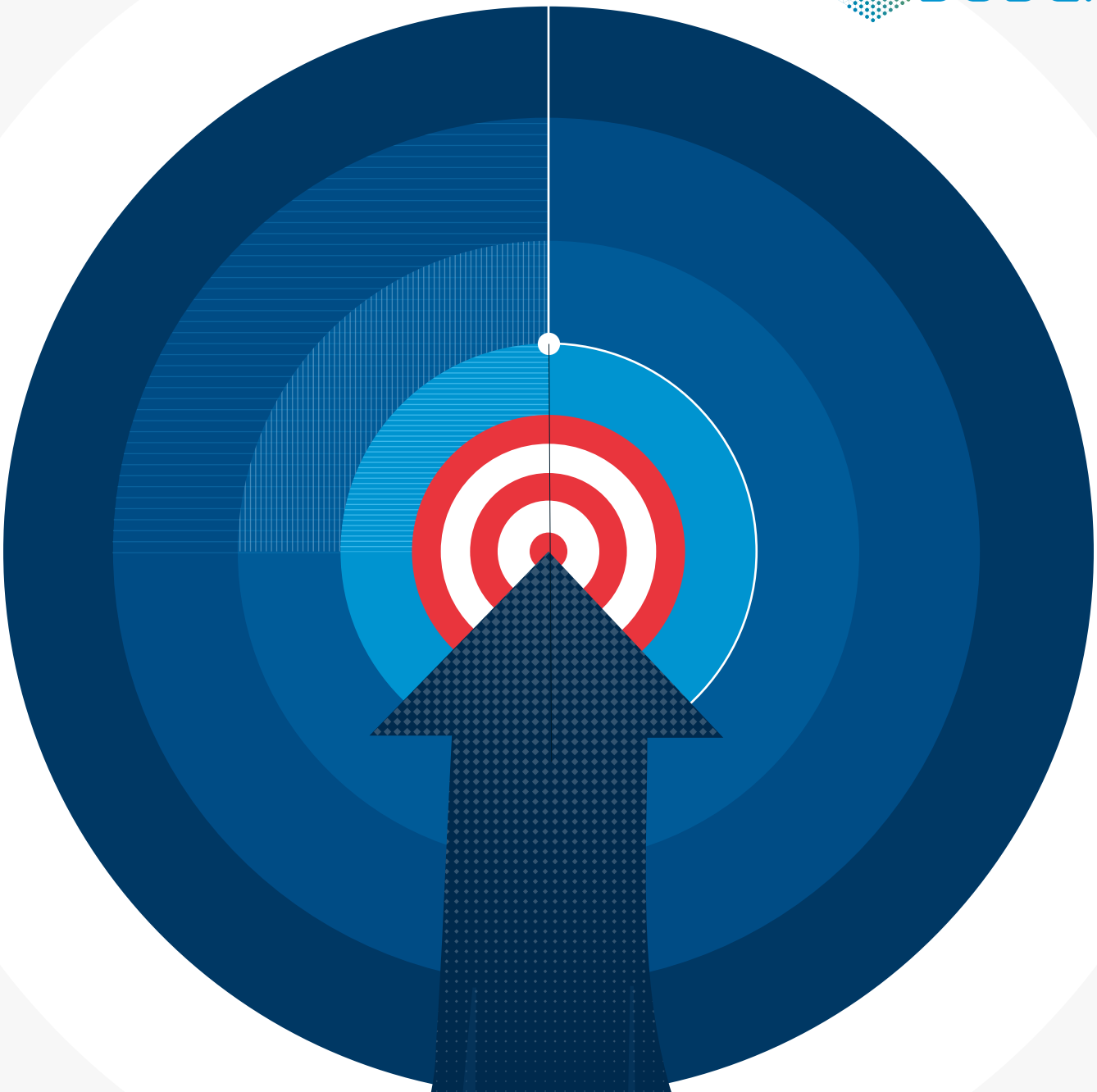
SUBEX



MAKING TOMORROW SUSTAINABLE

SUBEX LIMITED | ANNUAL REPORT 2017-18

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Forward-looking statement

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

The global telecommunications industry is developing dynamically; New technologies are making prevailing technologies obsolete with unprecedented speed.

In such an environment, successful organizations consistently innovate to stay ahead of the curve.

Subex has progressively differentiated its business model to emerge as a future-ready organization. The Company is leveraging its core competence in the telecom sector, gathering data from customers to create analytics-based products and solutions. The Company is also enlarging its presence in the attractive IoT security market niche.

At Subex, our efforts are mediated towards the achievement of overarching goal…

MAKING TOMORROW SUSTAINABLE

SIX THINGS YOU NEED TO KNOW ABOUT SUBEX

PEDIGREE

1

Subex is a trusted global telecom solutions provider for 75% of the world's top 50 telcos. Founded in 1992, Subex has been a part of the evolution of mobile technologies, playing the role of a consultant to global telecom carriers leading to their operational excellence and transformation.

LEADERSHIP

2

Subex is led by Mr. Vinod Kumar (MD & CEO) with a team of experienced professionals who have been around for a while and clearly understands the strengths, challenges, and opportunities of Subex. The company had 900+ employees as on 31st March 2018.

SCALE

3

Subex is headquartered in Bengaluru with global delivery centers in the US, the UK, the UAE, Singapore, and India. Subex has more than 300 installations at 200+ global telecom enterprises across 90+ countries.

PORTFOLIO

4

Subex has a diversified portfolio across segments and products, providing revenue assurance, fraud management, partner settlement, route Optimisation, capacity management, network asset management, analytics, IoT security, managed services and consulting & advisory services.

UNIQUE POSITION

5

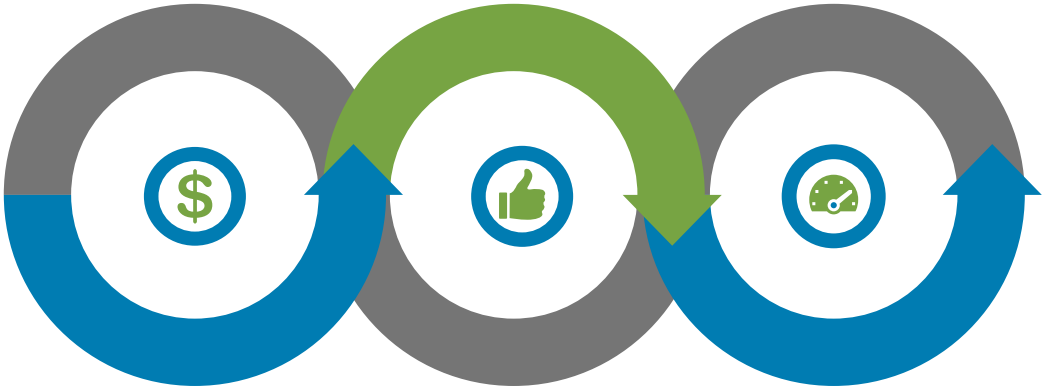
Subex provides telecom analytics services and telecom consulting and advisory services. The Company is uniquely positioned to serve as a business assurance consultant, having turned around the business viability of several telcos over the last quarter of a century.

STATE-OF-THE-ART-TECHNOLOGY

6

Subex has established a reputation for developing next-generation solutions in emerging business areas like advanced data analytics, business intelligence, business assurance and IoT.

VALUE PILLARS



Drive New Business Models
Pivot offerings around revenues, open new revenue streams in emerging business areas and allied services, leveraging the partner ecosystem.

Enhance Customer Experience
Retain existing customers and acquire new customers using analytics and leverage business insights to better understand customer behavior for deeper engagement.

Optimise Enterprise
Enable operational excellence by focusing on maximizing revenues and mitigating business risks, ensuring y-o-y cost savings that provide resources for business investments.

HIGHLIGHTS OF 2017-18

May 3rd 2017
Subex was awarded a new 5-year Framework Contract with British Telecom (BT)

May 29th 2017
Subex announced the launch of Subex 3.0. Also unveiled its new brand identity

May 31st 2017
Subex was awarded at the 2017 Pipeline Innovation Awards under 'Innovations in Managed Services' & 'Innovations in Security & Assurance' category

June 13th 2017
Subex and STC awarded the prestigious Global Telecoms Business Innovation Awards 2017 in the 'Enterprise Service Innovation' category

July 19th 2017
ElevenPaths, Telefonica Cybersecurity Unit and Subex signed a global framework agreement to provide a disruptive FMaaS solution

Quality statement

Subexians are committed to achieve total customer satisfaction by delivering high quality products that meet the needs and expectations of our customers. We are committed to adhere to quality management system requirements and continually improve them.

Listing

Subex is listed on the Bombay Stock Exchange (scrip code: 532348) and the National Stock Exchange (scrip code: Subex). The Company is also listed on the London Stock Exchange.

October 24th 2017
Subex launched Consulting and Advisory Services for Telecom Business Assurance

February 19th 2018
Pod Solutions and Subex partnered to provide advanced security for IoT Billing and Connectivity Service

February 26th 2018
Subex announced Winner at the 8th edition of Aegis Graham Bell Award in the Data Science Category

April 1st 2018
Vinod Kumar appointed as CEO of Subex Limited

PRODUCTS

ROC Revenue Assurance

- Provides a comprehensive view of any enterprise by ensuring better visibility into risks surrounding operations, revenue and margins
- Incorporates an integrated risk assessment and process management framework to address revenue leakage as well as identify and recover lost revenues from diverse streams

ROC Fraud Management

- Combines a traditional rules engine, advanced machine learning capabilities and a scalable architecture to ensure the proactive detection of fraudulent activities on the network
- Ensures that the system can be easily integrated with the ecosystem by utilizing readily deployable interfaces

ROC Network Asset Management

- Provides a framework to audit network assets, evaluate inventory and make a business case for a network upgrade
- Offers an in-depth view of network assets and inventory to Optimise OpEx as well as CapEx
- Drives smarter network capital investment and network asset lifecycle management

ROC Capacity Management

- Provides proactive, actionable business intelligence to make appropriate investments in maximizing network capacity
- Gleans insights from network capacity trends
- Correlates end-to-end capacity issues stimulates congestion points due to external events,
- Forecasts lead time for capacity exhaustion scenarios

ROC Partner Settlement

- Ensures swift partner onboarding, partner self-care, end-to-end revenue visibility and seamless communication between business partners
- Offers a 360-degree view of interconnect agreements to help manage revenues and margins across the partner ecosystem
- Enables billing platform to introduce innovative product bundling and billing mechanisms for IP-based services

ROC Route Optimisation

- Covers end-to-end processes from dial code/destination operator rate imports to switch updates
- Enhances visibility and control of critical processes

ROC Insights

- Provides actionable business insights that are consumable and contextual to enable data-enriched decision-making
- Enables democratization of insights through the generation of consumable storyboards
- Offers agility by covering all areas of focus: Revenue, Risk, Customer and Product

Subex Secure

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

Dear shareholders,

It is my privilege to address Subex's shareholders for the first time since taking on the role of CEO and Managing Director of the Company.

The Financial Year 2017-18 (FY18) was a dramatic one marked by a number of challenges. The telecom BSS market, where we predominantly operate, reported flat growth and several countries in emerging markets encountered geopolitical and forex challenges. Even though our revenues were negatively impacted, we completed the year with an increase in contracted order bookings and improved operational profitability.

Our contracted new order booking increased by 15% over the previous year and we ended FY18 with revenues of $50.5Million, EBITDA of $7.9 Million and PAT of $3.2 Million. Creditably, we repaid our entire outstanding FCCB debt and reduced our working capital debt, which resulted in significant interest cost savings.

We also made significant progress to our products and solutions portfolio. To appreciate this, it is important to understand some key trends of our industry.

Voice revenues are declining: As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry, are giving way to internet messaging and VoIP (Voice Over Internet Protocol). This substantial reduction in voice and texting, along with a reduction in tariff have resulted in a decline of ARPU (Average Revenue Per User) and aggregate revenues for telcos.

15%

Increase in our contracted order booking over the previous year

As we approach the Fourth Industrial Revolution, the way people communicate is drastically changing. Voice calling and text messaging that dominated the communication industry is giving way to internet messaging and VoIP (Voice Over Internet Protocol).