



Subex Limited

Registered Office: Adarsh Tech Park, Devarabisanahalli, Outer Ring Road, Bangalore 560 037, India

Tel: +91 80 6659 8700 **Fax:** +91 80 6696 3333

NOTICE ISSUED TO MEMBERS PURSUANT TO SECTION 192A (2) OF THE COMPANIES ACT, 1956

To
The Members

Notice is hereby given seeking member's consent / confirmation for the following resolutions:

1. Approval of Employee Stock Option Scheme 2008 of the company.
2. Approval of grant of options under Employee Stock Option Scheme 2008 to eligible employees of the subsidiary companies.
3. Amendment of ESOP 2000 Scheme incorporating a surrender clause.
4. Amendment of ESOP 2005 Scheme incorporating a surrender clause.

The business as set out in the notice is not compulsorily required to be transacted through postal ballot. However, as a measure of good corporate governance, the company has opted for postal ballot.

The proposed draft special resolutions, the explanatory statement stating all material facts and the reasons for the proposal are appended and a postal ballot form along with self-addressed business reply envelope is enclosed for your consideration.

This notice is being sent under certificate of posting to all the members whose names would appear in the register of members as on May 30, 2008. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on May 30, 2008.

You are requested to carefully read the instructions printed on the postal ballot form and return the postal ballot form duly completed in all respects in the enclosed self-addressed postage pre-paid envelope. A member desiring to exercise vote by postal ballot may complete the enclosed postal ballot form and send it to the scrutinizer in the enclosed self-addressed business reply envelope. Postage will be borne and paid by the company. However, envelopes containing postal ballots, if sent by courier or by registered post at the expense of the registered member will also be accepted. Duly completed postal ballot form (refer instructions to the postal ballot form) should be received by the scrutinizer not later than the close of working hours on July 07, 2008. Postal ballot forms received after this date will be treated as if no reply from the shareholder has been received.

The company has appointed Mr. Nagendra D Rao, B.Com, LLB, FCS, Practising Company Secretary to act as scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The special resolutions mentioned above shall be declared as passed if the number of votes cast in its favour of each of the resolution are not less than three times the number of votes, if any cast against the said special resolution.

The scrutinizer will submit his report to the chairman after completion of the scrutiny and the result of the voting by postal ballot will be announced on July 09, 2008 at the registered office of the company at Adarsh Tech Park, Devarabisanahalli, Outer Ring Road, Bangalore 560 037 at 04.00 P.M. The Members who wish to be present at the time of declaration of the result may do so at the venue. The result of the postal ballot shall also be displayed in the website of the company, www.subeworld.com and will be intimated to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The date of declaration of the postal ballot result will be taken to be the date of passing of the special resolution.

All documents referred to in this notice and the accompanying explanatory statement are open for inspection at the registered office of the company on all working days, except holidays, between 11.00 A.M and 1.00 P.M. up to the date of declaration

of the results of Postal Ballot.

The members are requested to consider and if thought fit, to give assent/dissent to the following **Resolutions:**

As Special Resolutions:

1. Approval of Employee Stock Option Scheme 2008 of the company.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded to the board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the company, including directors of the company, whether working in India or out of India under a scheme titled "Employee Stock Option Plan 2008" (hereinafter referred to as the "ESOP" or "scheme" or "plan") such number of equity shares and/ or equity linked instruments (including options), (hereinafter collectively referred to as "securities") of the company which could give rise to the issue of equity shares not exceeding 20,00,000 (Twenty Lakhs) equity shares at such price, in one or more tranches and on such terms and conditions, as may be fixed or determined by the board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time;

RESOLVED FURTHER THAT the said securities may be allotted directly to such employees / directors or in accordance with a scheme framed in that behalf and that the scheme may also envisage for providing any financial assistance to the employee to acquire, purchase or subscribe to the securities of the company.

RESOLVED FURTHER THAT the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate shall be 10,000 (Ten thousand) and 25,000 (Twenty thousand) stock options respectively per person.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the company in the manner aforesaid shall stand pari passu in all respects with the then existing equity shares of the company;

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the board be and is hereby authorized on behalf of the company to evolve, decide upon and bring in to effect the scheme and make any modifications, changes, variations, alterations or revisions in the said scheme from time to time or to suspend, withdraw or revive the scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the company to settle any questions, difficulties or doubts that may arise in this regard without requiring the board to secure any further consent or approval of the members of the company."

2. Approval of grant of options under Employee Stock Option Scheme 2008 to eligible employees of the subsidiary companies.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded to the board to extend the benefits of Employees Stock Option Plan 2008 proposed in the resolution under Item 1 in this notice to the eligible employees / directors of the subsidiary companies, as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the board.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the board be and is hereby authorized on behalf of the company to evolve, decide upon and bring in to effect the scheme and make any modifications, changes, variations, alterations or revisions in the said scheme from time to time or to suspend, withdraw or revive the scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the board to secure any further consent or approval of the members of the company".

3. Amendment of ESOP 2000 Scheme incorporating a surrender clause.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the ESOP 2000 scheme of the company

14A. Surrender of Options:

- 14A.1 An employee may surrender his vested / unvested options at any time during his employment with the company.*
- 14A.2 Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be treated in the manner as provided under Clause 4.4 of the plan.*

4. Amendment of ESOP 2005 Scheme incorporating a surrender clause.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the ESOP 2005 scheme of the company

14A. Surrender of Options:

- 14A.1 An employee may surrender his vested / unvested options at any time during his employment with the company.*
- 14A.2 Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be treated in the manner as provided under Clause 4.4 of the plan.*

By Order of the Board

Date: June 2, 2008
Place: Bangalore

Raj Kumar
Chief Counsel & Company Secretary

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956.

Item 1 and 2

1. The board of directors are of the opinion that it is in the interest of the company to allocate an additional 20,00,000 (Twenty Lakhs) equity shares for allotment to the employees of Subex Limited and its subsidiary companies. Accordingly, a new scheme - Employee Stock Option Scheme 2008 (ESOP 2008) has been formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and will be administered by the compensation committee of the board of directors of the company. The details of the scheme are given below.

2. Highlights of the scheme

Under the scheme, the employees will be given an option to acquire a certain number of shares of the face value of Rs. 10 each at the price mentioned hereinafter.

The compensation committee was constituted with majority of independent directors for administration of the scheme. The committee will lay down broad policy guidelines. The committee shall formulate detailed terms and conditions of the ESOP, administer and supervise the same. Subject to the provisions of the plan, and subject to the approval of the relevant authorities, the compensation committee shall:

1. Determine the exercise price;
2. Constitute an appraisal committee to select and recommend employees for the grant of options;
3. Determine the quantum of options to be granted to the eligible employees;
4. Determine the vesting period and the exercise period;
5. Approve forms of agreement for use under the Plan;
6. Prescribe, amend and rescind rules and regulations relating to the plan;
7. Construe and interpret the terms of the plan and options granted relating to the plan

The salient features of the ESOP 2008 are as follows.

i. Total options to be granted:

The maximum number of shares which shall be subject to options under the plan shall be 20,00,000 (Twenty Lakhs) equity shares of Rs. 10.

ii. Identification of the class of employees entitled for ESOP

Persons who are employees of the company and its subsidiaries, including directors as defined in the ESOP Guidelines (including any statutory modifications or re-enactments of the acts or the guidelines for the time being in force), and as may be decided by the compensation committee from time to time.

Under the prevailing regulations, an employee, who is a promoter or belongs to the promoter group, will not be eligible to participate in the ESOP. A director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company shall not be eligible to participate in the ESOP scheme.

The options granted under the scheme are not eligible to be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the life time of the optionee, only by the optionee.

iii. Grant of options

The administrator may, on such dates as it shall determine, grant to such eligible employees as it may in its absolute discretion select, options of the company on the terms and conditions and for the consideration as it may decide.

iv. Period of Vesting

Vesting of options may commence after a period of one year from the date of grant, and may extend up to four years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting as may be stipulated by the compensation committee in its discretion and which will include performance appraisal of the employee.

v. Exercise Price

The exercise price for the purpose of the grant of options will be computed at a discount of 15% on the average of the closing price of the company's shares, in the highest traded stock exchange, during the last 15 days preceding the date of grant of options.

vi. Exercise period and the process of Exercise

The exercise period may commence from the date of vesting and will expire not later than seven years from the date of grant of options and such other period as may be decided by the compensation committee from time to time. The option shall be deemed to be exercised when the company receives in writing or electronic notice of exercise in the prescribed form from the person entitled to exercise the option. The options will lapse if not exercised within the specified exercise period.

vii. Appraisal process for determining the eligibility of the employee to ESOP

The appraisal process for determining the eligibility of the employee will be specified by the compensation committee, and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee and / or any such other criteria that may be determined by the compensation committee at its sole discretion.

viii. Maximum number of options/Shares to be issued per employee and in aggregate

The maximum number of options granted to an employee shall not be more than or equaling to 1% of the equity shares of the company.

The company will conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and / or such other guidelines as may be applicable, from time to time. The company values its options using the intrinsic value method and the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if the Company had used the fair value of the options shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report

As the scheme will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of clause 6 of the Guidelines.

ix. Surrender of options:

An employee may surrender his vested / unvested options at any time during his employment with the company. Any employee willing to surrender his options shall communicate the same to the Administrator in the manner prescribed. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options shall be added back to the corpus of the Scheme.

3. As per the SEBI Guidelines, a separate Resolution is required to be passed if the benefits of the scheme are to be extended to employees/directors of the subsidiary or holding Company. This separate resolution under item no. 2 is being proposed accordingly to cover those employees, and/or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations, and/or amendments thereto from time to time.
4. This scheme is in addition to the existing ESOP 2000 and ESOP 2005 Schemes of the company.

5. None of the directors of the company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.
6. Your directors, therefore, recommend the resolution 1 and 2 to be passed as special resolutions by the members.

Item 3 and 4

1. The company has been granting stock options to eligible employees under the ESOP 2000 and ESOP 2005 plans. Majority of these options were issued at significantly higher prices when compared to the current market price. Due to the recent fall in the market price of the equity shares of the company, the stock options issued to a large number of employees have become unattractive. The company has received requests from many employees for surrendering the unexercised portion of the stock options.
2. The company has also received representations from several employees from out side India to cancel the options issued to them as in some jurisdictions outside India, taxes are levied on the vested portion of the stock options.
3. The ESOP 2000 and ESOP 2005 do not have a provision for voluntary surrender of the options granted to the employees.
4. As per the SEBI Guidelines, a separate resolution is required to be passed if there is a variation in the terms of the Employee Stock Option Scheme.
5. None of the directors is interested in this resolution except to the extent of the securities that may be offered to them under the scheme.
6. Your directors, therefore, recommend the resolution 3 and 4 to be passed as special resolutions by the members.

By Order of the Board

Date: June 2, 2008
Place: Bangalore

Raj Kumar
Chief Counsel & Company Secretary



Subex Limited

Registered Office: Adarsh Tech Park, Devarabisanahalli, Outer Ring Road, Bangalore 560 037, India

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POSTAL BALLOT FORM

Name(s) of shareholder(s) including joint-holders, if any	
Registered address of the sole/ first named shareholder	
Registered folio No. / DP ID no. * / Client ID no.*:	
No. of shares held:	

* Applicable to investors holding shares in a dematerialised form

I / We hereby exercise my / our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice dated June 2, 2008 by sending my / our assent (✓) or dissent (X) of the said resolution by placing the relevant mark at the appropriate places in the box below.

Item	Description	No of shares	I/We assent to the resolution (For) ✓	I/We dissent to the resolution (Against) X
1	Special Resolution as at Item No. 1 under Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for approval of the Employee Stock Option Scheme 2008 of the company.			
2	Special Resolution as at Item No. 2 under Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for approval of grant of options under Employee Stock Option Scheme 2008 to eligible employees of the subsidiary companies.			

3	Special Resolution as at Item No. 3 under Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for amendment of ESOP 2000 Scheme by including a clause on surrender of options.			
4	Special Resolution as at Item No. 4 under Sections 79A, 81(1A) and all other applicable provisions of the Companies Act, 1956 and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for amendment of ESOP 2005 Scheme by including a clause on surrender of options.			

Date:

Place:

Signature of the Shareholder

INSTRUCTIONS:

1. A shareholder desiring to exercise his / her vote by postal ballot may complete this postal ballot form (no other form of photocopy thereof is permitted to be used for the purpose) and send it to the scrutinizer at the address of the company in the attached self-addressed envelope. The postage will be borne and paid by the company. Envelopes containing postal ballot forms, if deposited with the company in person or if sent by courier at the expenses of the shareholder, shall also be accepted by the company.
2. The self-addressed envelope bears the name of the scrutinizer appointed by the board of directors of the company.
3. This form should be completed and signed by the shareholders. In case of joint share holding, this form should be completed and signed (as per specimen signature(s) registered with the company) by the first named shareholder and in his/her absence, by the next named shareholder.
4. Unsigned or incomplete or defaced or mutilated or incorrectly ticked postal ballot forms will be rejected.
5. The votes in a postal ballot cannot be exercised by a proxy.
6. The validity of the postal ballot forms shall be decided by the scrutinizer and will be final.
7. A member may sign the form through an attorney in which case a copy of the power of attorney should be attached to the postal ballot form.
8. Duly completed postal ballot forms should reach the company not later than by the close of working hours on July 07, 2008. Postal ballot forms received after this date will be strictly treated as if the reply from such shareholder has not been received.
9. In the case of shares held by companies, trusts, societies etc. the duly completed postal ballot form should be accompanied by a certified true copy of the relevant board resolution / authorisation.
10. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders / beneficial owners on the cut off date that is May 30, 2008.
11. Shareholders are requested not to send any other paper along with the postal ballot form in the enclosed self-addressed postage prepaid envelope, as such envelopes will be sent to the scrutinizer and any extraneous paper found in such envelope would be destroyed by the scrutinizer.