

AGC/PB/SE/2014/035

August 12, 2014

Corporate Relationship Department Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Fort, Mumbai - 400 001	Corporate Relationship Department National Stock Exchange Limited Exchange plaza, Bandra Kurla complex, Bandra (E) Mumbai 400051
---	--

Dear Sir,

Sub.: Outcome of the Board meeting dated 12th August, 2014 & un-audited financial results of the Company (stand-alone and consolidated) for the quarter ended 30th June, 2014

Ref.: Script code BSE: 500463/NSE: AGCNET

This is to inform you that the Board at its meeting held on Tuesday, 12th August, 2014 at registered office of the Company, inter-alia considered and approved the un-audited financial results of the Company (stand-alone and consolidated) for the quarter ended 30th June, 2014. Signed copies of the same along with the copy of Limited Review Report from the statutory auditors of the Company for the quarter ended 30th June, 2014 are attached herewith.

This is for your information, record and necessary action.

Thanking You,

For AGC Networks Limited


Pratik Bhanushali
Company Secretary
Encl.: A./a.

AGC NETWORKS LIMITED

Registered Office :- Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai - 400070.
STATEMENT OF CONSOLIDATED/STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2014



₹ in Millions

Sr. No.	Particulars	Consolidated				Standalone			
		Quarter ended		Year ended		Quarter ended		Year ended	
		Unaudited 30/06/2014	Audited (Refer note 2) 31/03/2014	Unaudited 30/06/2013	Audited 31/03/2014	Unaudited 30/06/2014	Audited (Refer note 2) 31/03/2014	Unaudited 30/06/2013	Audited 31/03/2014
1	Gross sales/Income from operations	1,921	1,822	1,921	7,769	602	641	774	3,026
	Excise duty	2	2	3	10	2	2	3	10
	(a) Net sales/Income from operations	1,919	1,820	1,918	7,759	600	639	771	3,016
	(b) Other operating income	1	14	11	49	1	2	10	37
	Total income from operations (net)	1,920	1,834	1,929	7,808	601	641	781	3,053
2	Expenses								
	a) Cost of materials consumed	9	2	17	44	9	3	17	45
	b) Purchase of stock-in-trade	847	1,177	1,296	4,078	337	332	650	1,624
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	11	(282)	(260)	(188)	(94)	(56)	(125)	29
	d) Service Charge	392	301	310	1,623	180	140	135	855
	e) Employee benefits expenses	530	547	741	2,346	180	135	273	740
	f) Depreciation and amortisation expense	58	95	100	401	20	22	24	90
	g) Doubtful debts provided / (written back) (Net)	(8)	338	205	629	80	98	55	235
	h) Other expenses	203	252	358	1,172	111	101	251	677
	Total expenses	2,042	2,430	2,777	10,105	823	775	1,280	4,295
3	(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)	(122)	(596)	(848)	(2,297)	(222)	(134)	(499)	(1,242)
4	Other income	18	31	58	189	17	31	57	165
5	(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)	(104)	(565)	(790)	(2,108)	(205)	(103)	(442)	(1,077)
6	Finance costs	73	93	83	364	58	77	70	297
7	(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)	(177)	(658)	(873)	(2,472)	(263)	(180)	(512)	(1,354)
8	(a) Exceptional items	-	-	-	376	-	-	-	95
	(b) Prior period items	14	-	-	-	14	-	-	-
9	(Loss)/Profit from ordinary activities before tax (7-8)	(191)	(658)	(873)	(2,848)	(277)	(180)	(512)	(1,449)
10	Tax expense	4	2	(29)	(25)	-	2	-	2
11	Net (Loss)/Profit from ordinary activities after tax (9-10)	(195)	(660)	(844)	(2,873)	(277)	(182)	(512)	(1,451)
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-	-
13	Net (Loss)/Profit for the period (11-12)	(195)	(660)	(844)	(2,873)	(277)	(182)	(512)	(1,451)
14	Share of profit/(loss) of associates	-	-	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-	-	-
16	Net (Loss)/Profit after taxes, minority interest and share of profit of associates (13+14+15)	(195)	(660)	(844)	(2,873)	(277)	(182)	(512)	(1,451)
17	Net (Loss)/Profit for the period from continuing operations	(195)	(660)	(844)	(2,873)	(277)	(182)	(512)	(1,451)
18	Net (Loss)/Profit for the period from discontinuing operations	-	-	(106)	(106)	-	-	-	-
19	Paid-up equity share capital (face value of ₹ 10 each)	285	285	285	285	285	285	285	285
20	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	455	-	-	-	654
21	Earnings per share of ₹ 10/- each (not annualised)	(7)	(23)	(30)	(99)	(10)	(5)	(18)	(51)
	Basic and Diluted (in ₹)								



Sr. No.	Particulars	Consolidated				
		Quarter ended			Year ended	
		Unaudited 30/06/2014	Audited (Refer note 2) 31/03/2014	Unaudited 30/06/2013	Audited 31/03/2014	
A	PARTICULARS OF SHAREHOLDING					
	Public shareholding:					
	Number of shares	7,116,616	7,116,616	7,116,616	7,116,616	
	Percentage of shareholding	25.00	25.00	25.00	25.00	
2	Promoters and Promoter Group Shareholding					
	a) Pledged/Encumbered					
	Number of shares	21,349,848	-	20,451,976	-	
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	100.00	-	95.79	-	
	Percentage of shares (as a % of the total share capital of the Company)	75.00	-	71.85	-	
	b) Non-encumbered					
	Number of shares	-	21,349,848	897,872	21,349,848	
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	-	100	4.21	100.00	
	Percentage of shares (as a % of the total share capital of the Company)	-	75.00	3.15	75.00	
B	INVESTOR COMPLAINTS					
	Pending at the beginning of the quarter	0				
	Received during the quarter	15				
	Disposed of during the quarter	15				
	Remaining unresolved at the end of the quarter	0				



Standalone				
Quarter ended			Year ended	
Unaudited 30/06/2014	Audited (Refer note 2) 31/03/2014	Unaudited 30/06/2013	Audited 31/03/2014	
7,116,616	7,116,616	7,116,616	7,116,616	
25.00	25.00	25.00	25.00	
21,349,848	-	20,451,976	-	
100.00	-	95.79	-	
75.00	-	71.85	-	
-	21,349,848	897,872	21,349,848	
-	100.00	4.21	100.00	
-	75.00	3.15	75.00	

Notes

- 1) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 12 August 2014.
- 2) The Company operates in one business segment i.e., Business Communication Solutions and Integrators, which is considered as the primary reporting segment.
- 3) With effect from 01 April 2014, the Company has decided not to amortise goodwill on purchase of business of Transcend United Technologies, LLC, USA (TUT business) as per the estimated period of benefits based on the future projections of the said business. Goodwill which was earlier amortised over a period of 5 years in the consolidated results, will now be tested for impairment. As a result of such change, depreciation and amortisation expense and the loss for the quarter ended 30 June 2014 is lower by ₹ 41 million, on consolidated basis. The carrying value of such goodwill is higher by the aforesaid amount, on consolidated basis.
- 4) The Board at its meeting held on 12 August 2014 allotted 15,00,000 1% Non-cumulative Non-convertible redeemable preference shares having Face Value of ₹ 100/- each against Share Application Money received during the quarter ended 30 June 2014. The Members of the Company had accorded their consent via postal ballot on 15 July 2014.
- 5) Doubtful debts provided / (written back) (Net)

	Quarter ended		Year ended
	Unaudited	Audited	
	31/03/2014	30/06/2013	31/03/2014
Standalone	80	55	235
Consolidated	103	205	629
Less: Doubtful debts written back	(111)	-	-
Consolidated (Net)	(8)	205	629

Provision for the quarter ended 30 June 2014 have been identified based on initiation of a detailed examination process by the management, which is expected to conclude in due course and, the consistent provisioning policy adopted for outstanding trade receivables. No significant deviation is expected from the amount already recognized, upon conclusion of the aforesaid examination.

- 6) Effective from 01 April 2014, the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the quarter ended 30 June 2014 is higher by ₹ 0.2 million on standalone basis and ₹ 3 million on consolidated basis. Further based on transitional provision provided in Note 7(b) of Schedule II, an amount of ₹ 1 million on standalone basis and ₹ 6 million on consolidated basis has been adjusted with retained earnings.
- 7) The Company has certain trade and other receivables from related parties aggregating to ₹ 25 million (₹ 85 million as at 31 March 2014) on standalone basis and ₹ 283 million (₹ 386 million as at 31 March 2014) on consolidated basis as at 30 June 2014. In respect of which the management is confident of their realisability and hence no provision has been considered necessary for the same. The statutory auditors of the Company have modified their report for non-recovery of these receivables.

Note 8 to 10 below were appearing in results of earlier periods have been reproduced for information:

- 8) The figures of the last quarter ended 31 March 2014 are the balancing figures between the audited figures in respect of the full financial years and the unaudited published year-to-date figures up to the third quarter ended 31 December for the respective years which were subjected to limited review.
- 9) Exceptional item for the year ended 31 March 2014 includes:
 - (a) Provision for inventory which has been identified as obsolete/slow moving/non-moving aggregating to ₹ 110 million on standalone basis and ₹ 210 million on consolidated basis.
 - (b) Amounts arising out of vendor reconciliations aggregating to ₹ 54 million on standalone basis and ₹ 235 million on consolidated basis (including amounts pertaining to earlier years ₹ 54 million and ₹ 229 million respectively).
 - (c) On 23 September 2013, the Company entered into an agreement with a group company, whereby it sold certain trade receivables totaling to ₹ 178 million at a discounted value for cash consideration of ₹ 145 million on a fully non-recourse basis. Of the total receivables sold, ₹ 102 million represented old overdue balances for which the Company had previously recorded an allowance for doubtful debts. As a result of this sale of accounts receivable, the Company reversed the doubtful debt provision and recorded ₹ 69 million (net of discount of ₹ 33 million) as an exceptional item in the statement of unaudited financial results.
- 10) Net sales/income from operations for the year ended 31 March 2014 is net of reversal of sales pertaining to earlier years aggregating to ₹ 180 million on standalone basis and ₹ 217 million on consolidated basis.
- 11) On 08 July 2013, the Board of Directors of the Company's subsidiary, AGC Networks Inc. approved the demerger of its Specialized Managed Services Division (the "Captive Division") with effect from 01 April 2012. In accordance with the demerger agreement, on 08 July 2013 the Company transferred the Captive Division along with specified assets and liabilities to Aegis Global Inc., a group company, for cash consideration of US\$ 1000. Income from operations, loss before and after tax for the quarter ended 30 June 2013 and year ended 31 March 2014 is ₹ 53 million and ₹ 106 million respectively.
- 12) The statement of consolidated unaudited results for the quarter ended 30 June 2014 are prepared in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
The financial results of the following entities have been consolidated with the financial results of the Company:
AGC Networks Australia Pty Limited
AGC Networks Pte Limited, Singapore
AGC Networks, Inc., USA
- 13) Previous period figures have been re-grouped and reclassified, wherever necessary, to correspond to those of the current period.



FOR AND ON BEHALF OF THE BOARD

Anil Naik

ANIL NAIR
MANAGING DIRECTOR & CEO

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai 400013
India

T +91 22 6626 2600
F +91 22 6626 2601

Review Report

To the Board of Directors of AGC Networks Ltd.

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of **AGC Networks Ltd.** ("the Company") and its subsidiaries (collectively referred to as "the Group") for the quarter ended **30 June 2014**, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *The Group has certain trade and other receivables as at 30 June 2014 aggregating Rs. 283 million (31 March 2014: Rs. 386million) , which in our opinion are doubtful of recovery. Had the Group recognised a provision against these receivables in the Statement, the loss after tax for the quarter ended 30 June 2014 would have been higher by Rs. 283million (31 March 2014: Rs. 386 million) and trade and other receivables and reserves and surplus as at that date would have been lower by Rs. 283 million (31 March 2014: Rs. 386 million).*
4. Based on our review conducted as above, *except for the effects of the qualification as described in the previous paragraph*, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.



Walker Chandiok & Co LLP

5. The review of unaudited consolidated financial results for the quarter ended 30 June 2013 and audit of consolidated financial results for the year and quarter ended 31 March 2014, included in the Statement was carried out and reported by S.R. Batliboi & Associates LLP vide their unqualified review report dated 12 August 2013 and qualified audit reports (for matter stated in paragraph 3 above) dated 30 May 2014 respectively, whose review and audit reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not qualified in respect of this matter.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No: 001076N/N500013



per **Adi P. Sethna**

Partner

Membership No : / .108840

Place: Mumbai

Date: 12 August 2014

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai 400013
India

T +91 22 6626 2600
F +91 22 6626 2601

Review Report

To the Board of Directors of AGC Networks Ltd.

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of AGC Networks Ltd. ("the Company") for the quarter ended **30 June 2014**, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *The Company has certain trade and other receivables as at 30 June 2014 aggregating Rs. 25 million (31 March 2014: Rs. 85 million), which in our opinion are doubtful of recovery. Had the Company recognised a provision against these receivables in the Statement, the loss after tax for the quarter ended 30 June 2014 would have been higher by Rs. 25 million (31 March 2014: Rs. 85 million) and trade and other receivables and reserves and surplus as at that date would have been lower by Rs. 25 million (31 March 2014: Rs. 85 million).*
4. Based on our review conducted as above, *except for the effects of the qualification as described in the previous paragraph*, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. The review of financial results for the quarter ended 30 June 2013 and audit of financial results for the year and quarter ended 31 March 2014, included in the Statement was carried out and reported by S.R. Batliboi & Associates LLP vide their unqualified review report dated 12 August 2013 and qualified audit reports (for matter stated in paragraph 3 above) dated 30 May 2014 respectively, whose review and audit reports have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not qualified in respect of this matter.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No: 001076N/N500013



per **Adi P. Sethna**

Partner

Membership No : 108840

Place: Mumbai

Date: 12 August 2014