AGC
Accelerating Business

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AGC/PB/SE/2017/017

May 24, 2017

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 24th May, 2017 & audited financial results of the Company (stand-alone and consolidated) for the quarter and year ended 31st March, 2017
Ref.: Scrip code BSE: 500463/NSE: AGCNET

Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the Board at its meeting held on Wednesday, 24th May, 2017 at Conference Room, Essar House, 11, K.K.Marg, Mahalaxmi, Mumbai - 400034, inter-alia considered and approved the audited financial results of the Company (stand-alone and consolidated) for the quarter and year ended 31st March, 2017. Signed copies of the same along with the copy of Audit Report (stand-alone and consolidated) from the statutory auditors of the Company and statement of Impact of Audit Qualifications for the stand-alone and Consolidate financial results are also attached herewith.

The Board Meeting concluded at 7.50 PM.

This is for your information, record and necessary action.

Thanking You,

For AGC Networks Limited

P.R.Bhanushali

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

Walker Chandiok & Co LLP

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Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of AGC Networks Limited

1. We have audited the consolidated financial results of AGC Networks Limited ('the Holding Company' or 'the Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended 31 March 2017, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 2 to the consolidated financial results regarding the figures for the quarter ended 31 March 2017 as reported in these consolidated financial results, which are the balancing figures between audited consolidated figures in respect of the full financial year and the published consolidated year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These consolidated financial results are based on the consolidated financial statements for the year ended 31 March 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published consolidated year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended 31 March 2017 and our review of consolidated financial results for the nine months period ended 31 December 2016.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. As stated in Note 9 to the Statement, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of Rs. 0.74 crores and Rs. 0.35 crores, respectively, and profit on such sale amounting to Rs. 40.85 crores and Rs. 5.19 crores (net of incidental selling expenses amounting to Rs. 3.04 crores and Rs. 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS should have been reversed. Our audit opinion on the consolidated financial statements for the year ended 31 March 2016 was qualified in respect of this matter. During the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of Rs. 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended 31 March 2017. Hence our audit opinion on the consolidated financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of Rs. 0.74 crores our audit opinion on the consolidated financial statements for the year ended 31 March 2017 continues to be qualified.

Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by Rs. 46.04 crores (31 March 2016: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores for the year ended on that date (31 March 2016: Nil); profit before tax would have been lower by Rs. 40.85 crores for the year ended on that date(31 March 2016: Rs. 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores), Rs. 0.74 crores (31 March 2016: 1.09 crores) and Rs. 0.16 crores (31 March 2016: lower by Rs. 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by Rs. 37.58 crores (31 March 2016: Rs. 42.77 crores) and Rs. 47.32 crores (net of Rs. 3.20 crores received during previous year) (31 March 2016: Rs. 47.32 crores), respectively.

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial results:

(i) include the financial results for the year ended 31 March 2017, of the following entities:
- AGC Networks Pty Limited
- AGC Networks Pte. Limited
- AGC Networks Inc.
- AGC Networks Philippines, Inc.
- AGC Networks and cyber solutions, Kenya
- AGCN Solutions Pte. Limited
- AGC Networks LLC

(ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the effects of the matter described in paragraph 3 above; and

(iii) give a true and fair view of the consolidated net profit and other financial information in conformity with the accounting principles generally accepted in India for the year ended 31 March 2017 except for the effects of the matter described in paragraph 3.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No. 108840

Place: Mumbai
Date: 24 May 2017

AGC NETWORKS LIMITED

Registered Office :- Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai - 400070.

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31 MARCH 2017

Rs. in Crore

Sr. No.	Particulars	Quarter ended			Year ended	
		Unaudited			Audited	
		31/03/2017 Refer note 2	31/12/2016	31/03/2016 Refer note 2	31/03/2017	31/03/2016
1	(a) Gross sales/Income from operations	183.71	183.90	218.33	764.23	878.94
	(b) Other operating income (Refer note 6)	9.09	1.71	0.77	15.99	3.82
	Total income from operations	**192.80**	**185.61**	**219.10**	**780.22**	**882.76**
2	**Expenses**					
	a) Cost of materials consumed	-	-	1.49	2.76	8.51
	b) Purchase of stock-in-trade	54.01	51.30	78.07	272.84	362.84
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	4.48	9.17	12.26	3.40	1.90
	d) Service charge	56.27	52.13	48.12	202.71	200.92
	e) Employee benefits expense (net)	48.30	44.90	50.37	191.10	200.18
	f) Depreciation and amortisation expense (Refer note 5)	1.52	1.55	2.09	6.56	8.50
	g) Other expenses	17.30	17.93	31.51	73.85	102.73
	Total expenses	**181.88**	**176.98**	**223.91**	**753.22**	**885.58**
3	**(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)**	**10.92**	**8.63**	**(4.81)**	**27.00**	**(2.82)**
4	Other income	0.79	1.34	0.25	2.85	5.51
5	**(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)**	**11.71**	**9.97**	**(4.56)**	**29.85**	**2.69**
6	Finance costs	4.51	7.72	7.34	24.94	26.68
7	**(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**7.20**	**2.25**	**(11.90)**	**4.91**	**(23.99)**
8	Exceptional items - expenses / (income) (Refer note 7)	-	-	-	(9.50)	(1.64)
9	**(Loss)/Profit from ordinary activities before tax (7-8)**	**7.20**	**2.25**	**(11.90)**	**14.41**	**(22.35)**
10	Tax expense					
	- Current tax	1.83	-	3.19	3.14	4.66
	- Tax adjustments relating to earlier years (Refer note 10)	-	-	(2.07)	(0.82)	7.58
11	**Net (Loss)/Profit from ordinary activities after tax (9-10)**	**5.37**	**2.25**	**(13.02)**	**12.09**	**(34.59)**
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	**Net (Loss)/Profit for the period (11-12)**	**5.37**	**2.25**	**(13.02)**	**12.09**	**(34.59)**
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)**	**5.37**	**2.25**	**(13.02)**	**12.09**	**(34.59)**
17	Paid-up equity share capital (face value of Rs. 10 each)	28.47	28.47	28.47	28.47	28.47
18	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				34.93	25.16
19	Earnings per share of Rs. 10/- each (not annualised):					
	Basic (in Rs.)	1.89	0.79	(4.57)	4.25	(12.15)
	Diluted (in Rs.)	1.88	0.79	(4.57)	4.23	(12.15)

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Statement of Assets and Liabilities

Rs. in Crore

Sr. No.	Particulars	Consolidated (Audited) As at 31/03/2017	Consolidated (Audited) As at 31/03/2016
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' funds**		
	a) Share capital	43.47	43.47
	b) Reserves and surplus	34.93	25.16
	Sub-total - Shareholders' funds	**78.40**	**68.63**
2	**Non-current liabilities**		
	a) Long-term borrowings	1.50	-
	b) Other long-term liabilities	10.04	14.84
	c) Long-term provisions	6.90	8.01
	Sub-total - Non-current liabilities	**18.44**	**22.85**
3	**Current liabilities**		
	a) Short-term borrowings	172.53	161.63
	b) Trade payables	148.69	187.86
	c) Other current liabilities	164.95	175.65
	d) Short-term provisions	7.11	6.25
	Sub-total - Current liabilities	**493.28**	**531.39**
	TOTAL - EQUITY AND LIABILITIES	**590.12**	**622.87**
B	**ASSETS**		
1	**Non-current assets**		
	a) Tangible assets	23.45	17.25
	b) Intangible assets	87.40	91.56
	c) Long-term loans and advances	90.52	86.86
	d) Other non-current assets	5.82	7.00
	Sub-total - Non-current assets	**207.19**	**202.67**
2	**Current assets**		
	a) Inventories	18.60	23.54
	b) Trade receivables	206.46	216.28
	c) Cash and bank balances	19.52	36.35
	d) Short-term loans and advances	28.64	28.32
	e) Other current assets	109.71	115.71
	Sub-total - Current assets	**382.93**	**420.20**
	TOTAL ASSETS	**590.12**	**622.87**

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Notes:

1) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 24 May 2017. These results have been prepared on the basis of the audited consolidated financial statements for the year ended 31 March 2017.

2) The figures of the last quarter 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 of the current and previous financial year.

3) AGC Networks Limited ("the Company") and its subsidiaries operate in one business segment i.e. Enterprise Communication Solutions and Integration, which is considered as the primary reporting segment.

4) New entity AGC Networks LLC has been incorporated on 13 February 2017 at Dubai which is 100% subsidiary of AGC Networks Pte Limited, Singapore.

5) During the quarter ended 30 June 2016, the management based on an internal technical evaluation reassessed the remaining useful lives of certain plant and equipment with effect from 1 April 2016. Accordingly the useful lives of such plant and equipment have been revised from 3 - 5 years to 15 years.

Had the company continued with the previously assessed useful lives, depreciation expense for the quarter and year ended 31 March 2017 would have been higher by Rs. 0.53 Crore and Rs. 2.15 Crore respectively. Further the revision of the useful lives will result in the following changes in the depreciation expense as compared to depreciation expense based on earlier useful lives.

Rs. in Crore

Financial Years	(Decrease) / Increase in depreciation expense
2017-18	(2.12)
2018-19	(1.61)
Post 2019	5.88

6) Mainly on account of reversals of liabilities and excess provisions written back.

7) **Exceptional items:**
i) For the year ended 31 March 2017 represents liability towards rent pertaining to earlier years, reversed on account of settlement with the lessor.
ii) For the year ended 31 March 2016 represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar.

8) The statement of consolidated results are prepared in accordance with the requirements of Accounting Standard 21 – 'Consolidated Financial Statements' specified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014.

The financial results of the following subsidiaries have been consolidated with the financial results of the Company:
AGC Networks Australia Pty Limited
AGC Networks Pte Limited, Singapore
AGC Networks, Inc., USA
AGC Networks Philippines, Inc.
AGC Networks and Cyber Solutions Limited, Kenya (w.e.f. 11 August 2016)
AGCN Solutions Pte. Limited (w.e.f. 18 November 2016)
AGC Networks LLC (w.e.f. 13 February 2017)

9) During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of Rs. 46.04 Crores (net of incidental expenses Rs. 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realized part consideration of Rs. 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of Rs. 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

10) **Tax adjustments relating to earlier years:**
(a) For the year ended 31 March 2017 represents provision made in earlier year, no longer required relating to Australia subsidiary.
(b) For the quarter and year ended 31 March 2016 represents provision for with-holding tax credits for earlier years relating to the Singapore subsidiary.

11) On 1 June 2015, AGC Networks, Inc. acquired the assets and liabilities vide Assets Purchase Agreement (APA) entered into with Ensource Inc. The acquisition was completely funded through internal operating funds and AGC Networks, Inc. paid purchase consideration of Rs. 3.09 crore to acquire Net liabilities of Rs. 8.42 Crore, which resulted in the goodwill of Rs. 11.51 Crore.

12) At the meeting of Board of Directors of the Company held on 29 April 2017, it was resolved to approve and pay interim dividend of Re. 1/- per preference share having nominal value of Rs. 100 each at their coupon rate.

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

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 24 May 2017
CIN : L32200MH1986PLC040652

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Annexure I

Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Consolidation)

Statement on Impact of Audit Qualification for the Financial Year ended 31 March 2017
[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016)]

(Amount in ₹ Crore)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	792.57	797.76
	2	Total Expenditure	780.48	823.25
	3	Net Profit/(Loss)	12.09	(25.49)
	4	Earnings per Share	4.25	(8.95)
	5	Total Assets	590.12	546.81
	6	Total Liabilities	511.72	511.88
	7	Net Worth	78.40	40.82
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	**Auditor's qualification**			
	a.	Details of Audit Qualification:	**(i) Auditor's qualification on annual audited financial results (consolidation)** As stated in Note 9 to the Statement, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of Rs. 0.74 crores and Rs. 0.35 crores, respectively, and profit on such sale amounting to Rs. 40.85 crores and Rs. 5.19 crores (net of incidental selling expenses amounting to Rs. 3.04 crores and Rs. 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit opinion on the consolidated financial statements for the year ended 31 March 2016 was qualified in respect of this matter. During the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of Rs. 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended 31 March 2017. Hence our audit opinion on the consolidated financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of Rs. 0.74 crores our audit opinion on the consolidated financial statements for the year ended 31 March 2017 continues to be qualified. Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by Rs. 46.04 crores (31 March 2016: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores for the year ended on that date (31 March 2016: Nil); profit before tax would have been lower by Rs. 40.85 crores for the year ended on that date(31 March 2016: Rs. 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores), Rs. 0.74 crores (31 March 2016: 1.09 crores) and Rs. 0.16 crores (31 March 2016: lower by Rs. 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by Rs. 37.58 crores (31 March 2016: Rs. 42.77 crores) and Rs. 47.32 crores (net of Rs. 3.20 crores received during previous year) (31 March 2016: Rs. 47.32 crores), respectively.	
			(ii) Auditor's Qualification on the Internal Financial Controls relating to above matter In our opinion, according to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's IFCoFR as at 31 March 2017: The Holding Company's internal financial control over evaluation of accounting of non-routine transactions was not operating effectively. This has, during the year, resulted in non-reversal of transaction for sale of one property for risk and rewards not transferred till the reporting date and non-recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long-term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the profit before tax and the reserves and surplus as at and for the year ended 31 March 2017. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2017, and the material weakness has affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.	

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	b.	Type of Audit Qualification:	Qualified Opinion
	c.	Frequency of Qualification:	Auditor's qualification on annual audited financial results (consolidation) has been appearing from the year ended 31 March 2015 and Auditor's qualification on the Internal Financial Controls in relation to that matter has been appearing from the year ended 31 March 2016.
	d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of Rs. 46.04 Crores (net of incidental expenses Rs. 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realized part consideration of Rs. 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of Rs. 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer. Accordingly management believes that the Internal Financial Controls are operating effectively.
	e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	NA
		i) Management's estimation on the impact of audit qualification:	NA
		ii) If management is unable to estimate the impact, reasons for the same:	NA
		iii) Auditors' comments on (i) or (ii) above	NA

III Signatories:

For **AGC Networks Limited**

SANJEEV VERMA
WHOLE TIME DIRECTOR

ANGSHU SENGUPTA
CFO

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N / N500013

Adi P. Sethna
Partner
Membership No.: 108840

SUJAY SHETH
AUDIT COMMITTEE CHAIRMAN

Place: Mumbai
Date: 24 May 2017

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Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of AGC Networks Limited

1. We have audited the standalone financial results of AGC Networks Limited ('the Company') for the year ended 31 March 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 2 to the standalone financial results regarding the figures for the quarter ended 31 March 2017 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2017 and our review of standalone financial results for the nine months period ended 31 December 2016.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. As stated in Note 5 to the Statement, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of Rs. 0.74 crores and Rs. 0.35 crores, respectively, and profit on such sale amounting to Rs. 40.85 crores and Rs. 5.19 crores (net of incidental selling expenses amounting to Rs. 3.04 crores and Rs. 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit/review reports on the financial statements/financial results of all the corresponding period upto March 2016 were qualified in respect of this matter. Further, during the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of Rs. 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised

WALKER CHANDIOK & CO LLP
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during the year ended 31 March 2017. Hence our audit opinion on the standalone financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of Rs. 0.74 crores our audit opinion on the standalone financial statements for the year ended 31 March 2017 continues to be qualified.

Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by Rs. 46.04 crores (31 March 2016: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores for the year ended on that date (31 March 2016: Nil); loss before tax would have been higher by Rs. 40.85 crores for the year ended on that date(March 2016: Rs. 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores), Rs. 0.74 crores (31 March 2016: 1.09 crores) and Rs. 0.16 crores (31 March 2016: lower by Rs. 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by Rs. 37.58 crores (31 March 2016: Rs. 42.77 crores) and Rs. 47.32 crores (net of Rs. 3.20 crores received during previous year) (31 March 2016: Rs. 47.32 crores), respectively.

4. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the effects of the matter described in paragraph 3 above; and

(ii) give a true and fair view of the standalone net loss and other financial information in conformity with the accounting principles generally accepted in India for the year ended 31 March 2017 except for the effects of the matter described in paragraph 3.

Walker Chandiok & Co.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No. 108840

Place: Mumbai
Date: 24 May 2017

AGC NETWORKS LIMITED

Registered Office :- Equinox Business Park (Peninsula Techno Park), Off Bandra Kurla Complex, LBS Marg, Kurla (West), Mumbai - 400070.

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31 MARCH 2017

Rs. in Crore

Sr. No.	Particulars	Quarter ended			Year ended	
		Unaudited			Audited	
		31/03/2017 Refer note 2	31/12/2016	31/03/2016 Refer note 2	31/03/2017	31/03/2016
1	(a) Gross sales/Income from operations	55.99	59.99	76.02	238.95	312.78
	(b) Other operating income	3.37	2.10	0.77	7.01	1.79
	Total income from operations	**59.36**	**62.09**	**76.79**	**245.96**	**314.57**
2	**Expenses**					
	a) Cost of materials consumed	-	-	1.49	2.76	8.51
	b) Purchase of stock-in-trade	19.14	13.69	36.84	90.00	138.22
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.86	7.81	(0.22)	0.39	3.29
	d) Service charge	19.76	20.91	18.79	73.93	77.03
	e) Employee benefits expense (net)	8.97	11.71	10.93	43.34	45.83
	f) Depreciation and amortisation expense (Refer note 4)	0.48	0.57	1.27	2.39	5.23
	g) Other expenses	8.17	9.69	19.29	41.61	57.56
	Total expenses	**57.38**	**64.38**	**88.39**	**254.42**	**335.67**
3	**(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)**	**1.98**	**(2.29)**	**(11.60)**	**(8.46)**	**(21.10)**
4	Other income	1.58	1.66	1.19	4.78	6.85
5	**(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)**	**3.56**	**(0.63)**	**(10.41)**	**(3.68)**	**(14.25)**
6	Finance costs	3.61	5.75	6.37	20.34	24.10
7	**(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**(0.05)**	**(6.38)**	**(16.78)**	**(24.02)**	**(38.35)**
8	Exceptional items - expenses / (income) (Refer note 7)	-	-	-	(9.50)	(1.64)
9	**(Loss)/Profit from ordinary activities before tax (7-8)**	**(0.05)**	**(6.38)**	**(16.78)**	**(14.52)**	**(36.71)**
10	Tax expense	-	-	-	-	-
11	**Net (Loss)/Profit from ordinary activities after tax (9-10)**	**(0.05)**	**(6.38)**	**(16.78)**	**(14.52)**	**(36.71)**
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	**Net (Loss)/Profit for the period (11-12)**	**(0.05)**	**(6.38)**	**(16.78)**	**(14.52)**	**(36.71)**
14	Paid-up equity share capital (face value of Rs. 10 each)	28.47	28.47	28.47	28.47	28.47
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				14.15	28.54
16	Earnings per share of Rs. 10/- each (not annualised):					
	Basic and Diluted (in Rs.)	(0.02)	(2.24)	(5.90)	(5.10)	(12.90)

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Statement of Assets and Liabilities

Rs. in Crore

Sr. No.	Particulars	Standalone (Audited)	Standalone (Audited)
		As at	
		31/03/2017	31/03/2016
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' funds**		
	a) Share capital	43.47	43.47
	b) Reserves and surplus	14.15	28.54
	Sub-total - Shareholders' funds	**57.62**	**72.01**
2	**Non-current liabilities**		
	a) Other long-term liabilities	6.83	6.18
	b) Long-term provisions	5.46	6.34
	Sub-total - Non-current liabilities	**12.29**	**12.52**
3	**Current liabilities**		
	a) Short-term borrowings	135.33	138.01
	b) Trade payables	71.76	93.06
	c) Other current liabilities	51.02	57.50
	d) Short-term provisions	0.55	0.81
	Sub-total - Current liabilities	**258.66**	**289.38**
	TOTAL - EQUITY AND LIABILITIES	**328.57**	**373.91**
B	**ASSETS**		
1	**Non-current assets**		
	a) Tangible assets	9.30	9.54
	b) Intangible assets	2.12	2.69
	c) Non-current investments	48.72	48.72
	d) Long-term loans and advances	86.75	84.89
	e) Other non-current assets	5.76	6.18
	Sub-total - Non-current assets	**152.65**	**152.02**
2	**Current assets**		
	a) Inventories	11.83	13.76
	b) Trade receivables	76.31	104.17
	c) Cash and bank balances	3.53	12.15
	d) Short-term loans and advances	11.04	14.59
	e) Other current assets	73.21	77.22
	Sub-total - Current assets	**175.92**	**221.89**
	TOTAL ASSETS	**328.57**	**373.91**

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Notes:

1) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 24 May 2017. These results have been prepared on the basis of the audited standalone financial statements for the year ended 31 March 2017.

2) The figures of the last quarter 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 of the current and previous financial year.

3) The Company operates in one business segment i.e., Enterprise Communication Solutions and Integration, which is considered as the primary reporting segment.

4) During the quarter ended 30 June 2016, the management based on an internal technical evaluation reassessed the remaining useful lives of certain plant and equipment with effect from 1 April 2016. Accordingly the useful lives of such plant and equipment have been revised from 3 - 5 years to 15 years.

   Had the company continued with the previously assessed useful lives, depreciation expense for the quarter and year ended 31 March 2017 would have been higher by Rs. 0.53 Crore and Rs. 2.15 Crore respectively. Further the revision of the useful lives will result in the following changes in the depreciation expense as compared to depreciation expense based on earlier useful lives.

Rs. in Crore

Financial Years	(Decrease) / Increase in depreciation expense
2017-18	(2.12)
2018-19	(1.61)
Post 2019	5.88

5) During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of Rs. 46.04 Crores (net of incidental expenses Rs. 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realized part consideration of Rs. 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of Rs. 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer.

6) New entity AGC Networks LLC has been incorporated on 13 February 2017 at Dubai which is 100% subsidiary of AGC Networks Pte Limited, Singapore.

7) **Exceptional Items:**
   i) For the year ended 31 March 2017 represents liability towards rent pertaining to earlier years, reversed on account of settlement with the lessor.
   ii) For the year ended 31 March 2016 represents interest income recognised on sale consideration receivable from the buyer towards assignment of properties situated at Gandhinagar.

8) At the meeting of Board of Directors of the Company held on 29 April 2017, it was resolved to approve and pay interim dividend of Re. 1/- per preference share having nominal value of Rs. 100 each at their coupon rate.

9) 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

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 24 May 2017
CIN : L32200MH1986PLC040652

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Annexure I

Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Standalone)

Statement on Impact of Audit Qualification for the Financial Year ended 31 March 2017
[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016)]

(Amount in ₹ Crore)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	260.24	265.43
	2	Total Expenditure	274.76	317.53
	3	Net Profit/(Loss)	(14.52)	(52.10)
	4	Earnings per Share	(5.10)	(18.30)
	5	Total Assets	328.57	285.26
	6	Total Liabilities	270.95	271.11
	7	Net Worth	57.62	20.04
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Auditor's qualification			
	a.	Details of Audit Qualification:	**(i) Auditor's qualification on annual audited financial results (standalone)** As stated in Note 5 to the Statement, during the year ended 31 March 2015 the Company had recognised sale of two properties having carrying value of Rs. 0.74 crores and Rs. 0.35 crores, respectively, and profit on such sale amounting to Rs. 40.85 crores and Rs. 5.19 crores (net of incidental selling expenses amounting to Rs. 3.04 crores and Rs. 0.35 crores), respectively, under 'exceptional items'. In our opinion, since the significant risks and rewards for the said properties were not transferred, recognition of such sale and the accounting treatment followed by the Company is not in accordance with the principles laid under Accounting Standard (AS) 9 'Revenue Recognition' and AS 5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules 2006 (as amended) and should have been reversed. Our audit/review reports on the financial statements/financial results of all the corresponding period upto March 2016 were qualified in respect of this matter. Further, during the month of April 2016, significant risks and rewards in respect of one of the said property having a carrying value of Rs. 0.35 crores was transferred. Accordingly, in our opinion, sale of this property should have been recognised during the year ended 31 March 2017. Hence our audit opinion on the standalone financial statements for the year ended 31 March 2017 is qualified to this extent. With respect to the other property having carrying value of Rs. 0.74 crores our audit opinion on the standalone financial statements for the year ended 31 March 2017 continues to be qualified. Had the Company followed the principles of AS 9 and AS 5 during the year ended 31 March 2017, the prior period expenses would have been higher by Rs. 46.04 crores (31 March 2016: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores for the year ended on that date (31 March 2016: Nil); loss before tax would have been higher by Rs. 40.85 crores for the year ended on that date(March 2016: Rs. 46.04 crores); tax expenses for the year ended 31 March 2017 would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores); long term loans advances, carrying value of tangible assets and other current liabilities as at 31 March 2017 would have been higher by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores), Rs. 0.74 crores (31 March 2016: 1.09 crores) and Rs. 0.16 crores (31 March 2016: lower by Rs. 0.19 crores) respectively; reserves and surplus and other current assets as at that date would have been lower by Rs. 37.58 crores (31 March 2016: Rs. 42.77 crores) and Rs. 47.32 crores (net of Rs. 3.20 crores received during previous year) (31 March 2016: Rs. 47.32 crores), respectively.
			(ii) Auditor's Qualification on the Internal Financial Controls relating to above matter In our opinion, according to the information and explanations given to us and based on our audit, the following material weakness has have been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2017: The Company's internal financial control over evaluation of accounting of non-routine transactions was not operating effectively. This has, during the year, resulted in non-reversal of transaction for sale of one property for which risks and rewards not transferred till the reporting date and non-recognition of sale of the other property for which risks and rewards were transferred during the current year, due to inappropriate evaluation of timing of transfer of risk and reward during an earlier year. This has led to misstatements of long-term loans and advances, tangible assets, other current assets, other current liabilities, prior period items, profit on sale of property, tax expense and resultant impact on the loss before tax and the reserves and surplus as at and for the year ended 31 March 2017. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2017, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.
	b.	Type of Audit Qualification:	Qualified Opinion	

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	c.	Frequency of Qualification:	Auditor's qualification on annual audited financial results (standalone) has been appearing from the year ended 31 March 2015 and Auditor's qualification on the Internal Financial Controls in relation to that matter has been appearing from the year ended 31 March 2016.
	d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	During the year ended 31 March 2015, the Company entered into deeds of assignment to transfer all the rights, title and obligations of its land and building situated at Gandhinagar to another company for a consideration of Rs. 50.52 Crores. During April 2015, the lender to whom these assets were provided as security provided its in-principal approval for the said transfer subject to fulfilment of conditions stated therein. The said transfer was pending approval from the relevant government authority and transfer of legal title that were considered to be procedural in nature. Accordingly the Company had recognized profit on sale of Fixed Assets of Rs. 46.04 Crores (net of incidental expenses Rs. 3.39 Crores) during the year ended 31 March 2015. During the previous year ended 31 March 2016, the Company received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realized part consideration of Rs. 3.20 crores from the buyer. During April 2016, approval from the requisite authorities have also been received and sale deed has been executed between the Company and the buyer for transfer of legal title for one of the property. The Company has also obtained the requisite approvals for the other property and subsequent to year ended 31 March 2017 has realized further consideration of Rs. 13.50 Crores. The sale deed for the other property will be executed on simultaneous settlement of balance consideration by the buyer. Accordingly management believes that the Internal Financial Controls are operating effectively.
	e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	NA
		i) Management's estimation on the impact of audit qualification:	NA
		ii) If management is unable to estimate the impact, reasons for the same:	NA
		iii) Auditors' comments on (i) or (ii) above	NA

III Signatories:

For **AGC Networks Limited**

SANJEEV VERMA
WHOLE TIME DIRECTOR

ANGSHU SENGUPTA
CFO

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N / N500013

Adi P. Sethna
Partner
Membership No.: 108840

SUJAY SHETH
AUDIT COMMITTEE CHAIRMAN

Place: Mumbai

Date: 24 May 2017