

AGC NETWORKS LIMITED

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



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/SIX MONTHS ENDED 30 SEPTEMBER 2014

₹ in Millions

Sr. No.	Particulars	Quarter ended			Six Months ended		Year ended
		Unaudited			Unaudited		Audited
		30/09/2014	30/06/2014	30/09/2013	30/09/2014	30/09/2013	31/03/2014
1	Gross sales/income from operations	2,223	1,921	2,135	4,144	4,056	7,769
	Excise duty	3	2	3	5	6	10
	(a) Net sales/income from operations	2,220	1,919	2,132	4,139	4,050	7,759
	(b) Other operating income	17	1	24	18	35	49
	Total income from operations (net)	2,237	1,920	2,156	4,157	4,085	7,808
2	Expenses						
	a) Cost of materials consumed	7	9	12	16	29	44
	b) Purchase of stock-in-trade	747	837	925	1,584	2,233	4,078
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	272	21	186	293	(74)	(188)
	d) Service Charge	471	392	520	863	818	1,623
	e) Employee benefits expenses	466	530	538	996	1,279	2,346
	f) Depreciation and amortisation expense	51	58	100	109	200	401
	g) Doubtful debts provided / (written back) (Net)	15	(8)	30	7	235	629
	h) Other expenses	236	203	301	439	669	1,172
	Total expenses	2,265	2,042	2,612	4,307	5,389	10,105
3	(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)	(28)	(122)	(456)	(150)	(1,304)	(2,297)
4	Other income	7	18	56	25	114	189
5	(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)	(21)	(104)	(400)	(125)	(1,190)	(2,108)
6	Finance costs	70	73	90	143	173	364
7	(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)	(91)	(177)	(490)	(268)	(1,363)	(2,472)
8	(a) Exceptional items - expenses / (income)	-	-	(69)	-	(69)	376
	(b) Prior period items - expenses / (income)	3	14	-	17	-	-
9	(Loss)/Profit from ordinary activities before tax (7-8)	(94)	(191)	(421)	(285)	(1,294)	(2,840)
10	Tax expense	(2)	4	2	2	(27)	(25)
11	Net (Loss)/Profit from ordinary activities after tax (9-10)	(92)	(195)	(423)	(287)	(1,267)	(2,823)
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net (Loss)/Profit for the period (11-12)	(92)	(195)	(423)	(287)	(1,267)	(2,823)
14	Earnings before interest, tax, depreciation and amortisation (EBITDA) (11+10+8+2(f))	30	(46)	(300)	(16)	(990)	(1,707)
15	Share of profit/(loss) of associates	-	-	-	-	-	-
16	Minority interest	-	-	-	-	-	-
17	Net (Loss)/Profit after taxes, minority interest and share of profit of associates (13+15+16)	(92)	(195)	(423)	(287)	(1,267)	(2,823)
18	Net (Loss)/Profit for the period from continuing operations	(92)	(195)	(423)	(287)	(1,161)	(2,717)
19	Net (Loss)/Profit for the period from discontinuing operations	-	-	-	-	(106)	(106)
20	Paid-up equity share capital (face value of ₹ 10 each)	285	285	285	285	285	285
21	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	-	-	455
22	Earnings per share of ₹ 10/- each (not annualised):						
	Basic and Diluted (in ₹)	(3)	(7)	(15)	(10)	(45)	(99)
A	PARTICULARS OF SHAREHOLDING (EQUITY)						
1	Public shareholding :						
	Number of shares	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616
	Percentage of shareholding	25.00	25.00	25.00	25.00	25.00	25.00
2	Promoters and Promoter Group Shareholding						
	a) Pledged/Encumbered						
	Number of shares	21,349,848	21,349,848	20,451,976	21,349,848	20,451,976	-
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	100.00	100	95.79	100.00	95.79	-
	Percentage of shares (as a % of the total share capital of the Company)	75.00	75.00	71.85	75.00	71.85	-
	b) Non-encumbered						
	Number of shares	-	-	897,872	-	897,872	21,349,848
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	-	-	4.21	-	4.21	100.00
	Percentage of shares (as a % of the total share capital of the Company)	-	-	3.15	-	3.15	75.00
B	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	0					
	Received during the quarter	17					
	Disposed of during the quarter	15					
	Remaining unresolved at the end of the quarter	2					



Statement of Assets and Liabilities

₹ in Millions

Sr. No.	Particulars	Consolidated (Unaudited)		Consolidated (Audited)	
		As at			
		30/09/2014		31/03/2014	
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	a) Share Capital	435		285	
	b) Reserves and surplus	161		455	
	Sub-total - Shareholders' funds	596		740	
2	Non-current liabilities				
	a) Long-term borrowings	456		17	
	b) Other long-term liabilities	28		34	
	c) Long-term provisions	66		71	
	Sub-total - Non-current liabilities	550		122	
3	Current liabilities				
	a) Short-term borrowings	1,318		2,338	
	b) Trade payables	1,924		2,639	
	c) Other current liabilities	2,137		2,412	
	d) Short-term provisions	73		74	
	Sub-total - Current liabilities	5,452		7,463	
	TOTAL - EQUITY AND LIABILITIES	6,598		8,325	
B	ASSETS				
1	Non-current assets				
	a) Tangible assets	383		470	
	b) Intangible assets	716		703	
	c) Capital work-in-progress	31		25	
	d) Trade receivables	20		25	
	e) Long-term loans and advances	965		877	
	f) Other non-current assets	40		59	
	Sub-total - Non-current assets	2,155		2,159	
2	Current assets				
	a) Inventories	1,112		1,409	
	b) Trade receivables	2,236		2,938	
	c) Cash and cash equivalents	372		1,049	
	d) Short-term loans and advances	718		707	
	e) Other current assets	5		63	
	Sub-total - Current assets	4,443		6,166	
	TOTAL ASSETS	6,598		8,325	



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tes:

(a) The Company has opted to publish only consolidated financial results which are reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 10 November 2014.

(b) Key numbers of Standalone Financial Results of the Company are as under:

Rs. In Millions

	Quarter ended			Six months ended		Year ended
	Unaudited			Unaudited		Audited
	30/09/2014	30/06/2014	30/09/2013	30/09/2014	30/09/2013	31/03/2014
Net sales/Income from operations	915	600	871	1515	1642	3016
Profit before tax	(120)	(277)	(278)	(397)	(790)	(1449)
Net profit after tax	(120)	(277)	(278)	(397)	(790)	(1451)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(38)	(185)	(251)	(223)	(669)	(967)

The standalone financial results are available at the company's and stock exchanges' websites.

The Company operates in one business segment i.e., Business Communication Solutions and Integrators, which is considered as the primary reporting segment.

With effect from 01 April 2014, the company's subsidiary, AGC Networks Inc 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, will now be tested for impairment. As a result of such change, depreciation and amortisation expense and the loss are lower by ₹ 41 million each for the quarters ended 30 September, 2014 and 30 June 2014 and, ₹ 82 million for the six months ended 30 September, 2014. The carrying value of such goodwill as at 30 September, 2014 is higher by ₹ 82 million.

Doubtful debts provided / (written back)

Rs. In Millions

	Quarter ended			Six months ended		Year ended
	Unaudited			Unaudited		Audited
	30/09/2014	30/06/2014	30/09/2013	30/09/2014	30/09/2013	31/03/2014
Consolidated	72	103	30	175	235	629
Less: Doubtful debts written back	(57)	(111)	-	(168)	-	-
Consolidated (Net)	15	(8)	30	7	235	629

Provision for the quarter ended 30 June 2014 and six months ended 30 September 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.

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/- at par, for a total consideration of ₹ 150 million to a group company.

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 quarters ended 30 September 2014 and 30 Jun 2014 is higher by ₹ 2 million and ₹ 3 Million respectively and six months ended 30 September 2014 by ₹ 5 million. Further based on transitional provision in Note 7(b) of Schedule II, an amount of ₹ 6 million has been adjusted against retained earnings as on 1 April, 2014.

There are certain trade receivables and other current assets from related parties aggregating ₹ 141 million as at 30 September 2014 (₹ 386 million as at 31 March 2014) which are outstanding since long, 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:

Exceptional item for the year ended 31 March 2014 includes:

- Provision for Inventory which has been identified as obsolete/slow moving/non-moving aggregating to ₹ 210 million.
- Amounts arising out of vendor reconciliations aggregating to ₹ 235 million (including amounts pertaining to earlier years ₹ 229 million).
- 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 for the quarter and six months ended 30 September, 2013.

Net sales/Income from operations for the year ended 31 March 2014 is net of reversal of sales pertaining to earlier years aggregating to ₹ 217 million.

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\$ 1,000. Income from operations, loss before and after tax for the six months ended 30 September 2013 and year ended 31 March 2014 is ₹ 106 million and ₹ 106 million respectively.

The statement of consolidated unaudited results for the quarter and six months ended 30 September 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

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 NAIR
MANAGING DIRECTOR & CEO

AGC NETWORKS LIMITED

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



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/SIX MONTHS ENDED 30 SEPTEMBER 2014

Sr. No.	Particulars	₹ in Millions					
		Quarter ended			Six Months ended		Year ended
		Unaudited			Unaudited		Audited
	30/09/2014	30/06/2014	30/09/2013	30/09/2014	30/09/2013	31/03/2014	
1	Gross sales/income from operations	918	902	874	1,520	1,648	3,026
	Excise duty	3	2	3	5	6	10
	(a) Net sales/income from operations	915	900	871	1,515	1,642	3,016
	(b) Other operating income	1	1	24	2	34	37
	Total income from operations (net)	916	901	895	1,517	1,676	3,053
2	Expenses						
	a) Cost of materials consumed	7	9	12	16	29	45
	b) Purchase of stock-in-trade	301	327	361	628	1,011	1,624
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	187	(84)	115	103	(10)	29
	d) Service Charge	181	180	320	361	455	855
	e) Employee benefits expenses	155	180	175	335	448	740
	f) Depreciation and amortisation expense	19	20	21	39	45	90
	g) Doubtful debts provided / (written back) (Net)	(2)	80	23	78	78	235
	h) Other expenses	145	111	194	256	445	677
	Total expenses	993	823	1,221	1,816	2,501	4,295
3	(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)	(77)	(222)	(326)	(299)	(825)	(1,242)
4	Other income	20	17	84	37	111	185
5	(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)	(57)	(205)	(272)	(262)	(714)	(1,057)
6	Finance costs	60	58	75	118	145	297
7	(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)	(117)	(263)	(347)	(380)	(859)	(1,354)
8	(a) Exceptional items - expenses / (income)	-	-	(69)	-	(69)	95
	(b) Prior period items - expenses / (income)	3	14	-	17	-	-
9	(Loss)/Profit from ordinary activities before tax (7-8)	(120)	(277)	(278)	(397)	(790)	(1,449)
10	Tax expense	-	-	-	-	-	2
11	Net (Loss)/Profit from ordinary activities after tax (9-10)	(120)	(277)	(278)	(397)	(790)	(1,451)
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net (Loss)/Profit for the period (11-12)	(120)	(277)	(278)	(397)	(790)	(1,451)
14	Earnings before interest, tax, depreciation and amortisation (EBITDA) (11+10+8+6+2(f))	(38)	(185)	(251)	(223)	(669)	(967)
15	Share of profit/(loss) of associates	-	-	-	-	-	-
16	Minority interest	-	-	-	-	-	-
17	Net (Loss)/Profit after taxes, minority interest and share of profit of associates (13+14+15)	(120)	(277)	(278)	(397)	(790)	(1,451)
18	Paid-up equity share capital (face value of ₹ 10 each)	285	285	285	285	285	285
19	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	-	-	654
20	Earnings per share of ₹ 10/- each (not annualised): Basic and Diluted (in ₹)	(4)	(10)	(10)	(14)	(28)	(51)
A	PARTICULARS OF SHAREHOLDING (EQUITY)						
1	Public shareholding :						
	Number of shares	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616	7,116,616
	Percentage of shareholding	25.00	25.00	25.00	25.00	25.00	25.00
2	Promoters and Promoter Group Shareholding						
	a) Pledged/Encumbered						
	Number of shares	21,349,848	21,349,848	20,451,976	21,349,848	20,451,976	-
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	100.00	100.00	95.79	100.00	95.79	-
	Percentage of shares (as a % of the total share capital of the Company)	75.00	75.00	71.85	75.00	71.85	-
	b) Non-encumbered						
	Number of shares	-	-	897,872	-	897,872	21,349,848
	Percentage of shares (as a % of the total shareholding of promoter and Promoter group)	-	-	4.21	-	4.21	100.00
	Percentage of shares (as a % of the total share capital of the Company)	-	-	3.15	-	3.15	75.00
B	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	0					
	Received during the quarter	17					
	Disposed of during the quarter	15					
	Remaining unresolved at the end of the quarter	2					



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Statement of Assets and Liabilities

₹ in Millions

Sr. No.	Particulars	₹ in Millions	
		Standalone (Unaudited)	Standalone (Audited)
		As at	
		30/09/2014	31/03/2014
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	a) Share Capital	435	285
	b) Reserves and surplus	256	654
	Sub-total - Shareholders' funds	691	939
2	Non-current liabilities		
	a) Long-term borrowings	453	9
	b) Other long-term liabilities	28	34
	c) Long-term provisions	62	67
	Sub-total - Non-current liabilities	543	110
3	Current liabilities		
	a) Short-term borrowings	1,029	1,458
	b) Trade payables	1,114	1,575
	c) Other current liabilities	1,080	1,247
	d) Short-term provisions	34	37
	Sub-total - Current liabilities	3,257	4,317
	TOTAL - EQUITY AND LIABILITIES	4,491	5,366
B	ASSETS		
1	Non-current assets		
	a) Tangible assets	132	161
	b) Intangible assets	24	25
	c) Capital work-in-progress	31	25
	d) Non-current investments	487	487
	e) Trade receivables	20	25
	f) Long-term loans and advances	888	813
	g) Other non-current assets	40	59
	Sub-total - Non-current assets	1,622	1,595
2	Current assets		
	a) Inventories	530	637
	b) Trade receivables	1,215	1,688
	c) Cash and cash equivalents	128	721
	d) Short-term loans and advances	991	662
	e) Other current assets	5	63
	Sub-total - Current assets	2,869	3,771
	TOTAL ASSETS	4,491	5,366



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Notes:

The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 10 November 2014.

The Company operates in one business segment i.e., Business Communication Solutions and Integrators, which is considered as the primary reporting segment.

Doubtful debts provided / (written back)

	Rs. In Millions					
	Quarter ended			Six months ended		Year ended
	Unaudited			Unaudited		Audited
	30/09/2014	30/06/2014	30/09/2013	30/09/2014	30/09/2013	31/03/2014
Standalone	20	80	23	100	78	235
Less: Doubtful debts written back	(22)	-	-	(22)	-	-
Standalone (Net)	(2)	80	23	78	78	235

Provision for the quarter ended 30 June 2014 and six months ended 30 September 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.

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/- at par, for a total consideration of ₹ 150 million to a group company.

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 quarters ended 30 September 2014 and 30 Jun 2014 is higher by ₹ 0.2 million and ₹ 0.2 million respectively and six months ended 30 September 2014 by ₹ 0.4 million. Further based on transitional provision in Note 7(b) of Schedule II, an amount of ₹ 1 million has been adjusted against retained earnings as on 1 April, 2014.

The Company has certain trade receivables and other current assets from related parties aggregating ₹ 16 million as at 30 September 2014 (₹85 million as at 31 March 2014) which are outstanding since long, 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 7 and 8 below were appearing in results of earlier periods have been reproduced for information:

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.

(b) Amounts arising out of vendor reconciliations aggregating to ₹ 54 million (including amounts pertaining to earlier years ₹ 54 million).

(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 for the quarter and six months ended 30 September, 2013.

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.

Previous period figures have been re-grouped and reclassified, wherever necessary, to correspond to those of the current period.

Place: Mumbai
Date: 10 NOVEMBER 2014
Ref: L32200MH1986PLC040652



FOR AND ON BEHALF OF THE BOARD

Anil Nair
ANIL NAIR
MANAGING DIRECTOR & CEO