AGC
Accelerating Business

AGC Networks Limited
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www.agcnetworks.com

AGC/PB/SE/2016/029

August 12, 2016

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, 2016 & un-audited financial results of the Company (stand-alone and consolidated) for the quarter/period ended 30th June, 2016

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

This is to inform you that the Board at its meeting held on Friday, 12th August, 2016 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/period ended 30th June, 2016. Signed copies of the same along with the copy of Limited Review Report (stand-alone and consolidated) from the statutory auditors of the Company for the quarter ended 30th June, 2016 are attached herewith.

The Board Meeting concluded at 4.05 PM.

This is for your information, record and necessary action.

Thanking You,

For AGC Networks Limited

P. RBhanushali

Pratik Bhanushali
Company Secretary & Compliance Officer
Encl.: A./a.

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
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Review Report on Quarterly 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 reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of **AGC Networks Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") for the quarter ended **30 June 2016.** 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 Engagement (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. As stated in note 7(ii) 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 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 periods presented was qualified in respect of this matter. Further, during the quarter ended 30 June 2016, significant risks and rewards in respect of one of the said properties having carrying value of Rs. 0.35 crores have been transferred, accordingly in our opinion sale of this property should have been recognised during the current quarter.

WALKER CHANDIOK & CO LLP
MUMBAI

Had the Company followed the principles of AS 9 and AS 5 for the quarter ended 30 June 2016, the prior period expenses would have been higher by Rs 46.04 crores (31 March 2016: Rs. 46.04 crores; 30 June 2015: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores; profit before tax would have been lower by Rs 40.85 crores (30 June 2015: Rs. 46.04 crores) and loss before tax for the quarter and year ended 31 March 2016 would have been higher by Rs. 46.04 crores; and tax expenses would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores; 30 June 2015: 3.27 crores).

4. Based on our review conducted as above, except for the effects of 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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 2016

AGC NETWORKS LIMITED

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

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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2016

Rs. in Crore

Sr. No.	Particulars	Quarter ended			Year ended
		Unaudited			Audited
		30/06/2016	31/03/2016 (Refer note 2)	30/06/2015	31/03/2016
1	Gross sales/Income from operations	200.92	218.33	213.59	878.94
	Excise duty	0.42	0.20	0.30	1.38
	(a) Net sales/Income from operations	200.50	218.13	213.29	877.56
	(b) Other operating income (Refer note 5)	5.85	0.77	1.07	3.82
	Total income from operations (net)	**206.35**	**218.90**	**214.36**	**881.38**
2	**Expenses**				
	a) Cost of materials consumed	2.06	1.49	1.31	8.51
	b) Purchase of stock-in-trade	77.47	78.07	91.21	362.84
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.88)	12.26	(2.18)	1.90
	d) Service charge	49.46	48.12	50.47	200.92
	e) Employee benefits expense	48.52	50.46	48.13	200.18
	f) Depreciation and amortisation expense (Refer note 4)	1.94	2.09	2.43	8.50
	g) Other expenses	20.38	31.31	21.10	101.35
	Total expenses	**198.95**	**223.80**	**212.47**	**884.20**
3	**(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)**	**7.40**	**(4.90)**	**1.89**	**(2.82)**
4	Other income	0.25	0.34	2.28	5.51
5	**(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)**	**7.65**	**(4.56)**	**4.17**	**2.69**
6	Finance costs	6.04	7.34	5.71	26.68
7	**(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**1.61**	**(11.90)**	**(1.54)**	**(23.99)**
8	Exceptional items - expenses / (income) - Interest on receivable against sale of properties	-	-	(1.64)	(1.64)
9	**(Loss)/Profit from ordinary activities before tax (7-8)**	**1.61**	**(11.90)**	**0.10**	**(22.35)**
10	Tax expense				
	- Current tax	0.05	3.19	0.08	4.66
	- Tax adjustments relating to earlier years (Refer note 7(iii))	-	(2.07)	-	7.58
11	**Net (Loss)/Profit from ordinary activities after tax (9-10)**	**1.56**	**(13.02)**	**0.02**	**(34.59)**
12	Extraordinary items (net of tax expense)	-	-	-	-
13	**Net (Loss)/Profit for the period (11-12)**	**1.56**	**(13.02)**	**0.02**	**(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)**	**1.56**	**(13.02)**	**0.02**	**(34.59)**
	Earnings before interest, tax, depreciation & amortisation and other income (EBITDA) (11+10+8+6+2(f)-4)	**9.34**	**(2.81)**	**4.32**	**5.68**
17	Paid-up equity share capital (face value of Rs. 10 each)	28.47	28.47	28.47	28.47
18	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	25.16
19	Earnings per share of Rs. 10/- each (not annualised):				
	Basic and Diluted (in Rs.)	0.55	(4.57)	0.01	(12.15)

AGC NETWORKS LIMITED MUMBAI

WALKER, CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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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 12 August 2016. The statutory auditors have carried out a limited review of the above results.

2) The figures of the last quarter ended 31 March 2016 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year-to-date figures up to the third quarter ended 31 December 2015 which was subject to limited review.

3) 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) 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 to 5 years to 15 years.

Had the company continued with the previously assessed useful lives, depreciation expense for the quarter ended 30 June 2016 would have been higher by Rs. 0.42 Crore. 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.

Financial Years	(Decrease) / Increase in depreciation expense
2016-17	(1.70)
2017-18	(1.69)
2018-19	(0.32)
Post 2019	3.71

5) Includes Provision for doubtful debts made in earlier year, no longer required of Rs. 3.88 Crore (net) for the quarter ended 30 June 2016

6) (i) 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 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
AGC Networks Philippines, Inc.

(ii) w.e.f 11 August 2016, a wholly owned step-down subsidiary 'AGC Networks and Cyber Solutions' is incorporated in Nairobi, Kenya under AGC Networks Pte Limited, Singapore, a wholly owned subsidiary of the Company.

7) <u>Notes appearing in the results of earlier periods have been reproduced for information to the extent relevant:</u>

(i) 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.

(ii) 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 the year March 2016, 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 upto 31 March 2016 that are considered to be procedural in nature. Accordingly the Company had recognised 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 March 2016 the Company has received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realised part consideration of Rs. 3.20 crores from the buyer. During the current quarter ended June 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 applied for requisite approval for the balance properties which are still awaited as of date. The statutory auditors of the Company have qualified their review report on the financial results of the current quarter and audit reports / review reports on the financial statements/ financial results of all the corresponding period presented in respect of this matter. Further during the year 2015-16, the Company has recognised interest income amounting to Rs. 1.64 Crore on sale consideration receivable from the buyer.

(iii) Represents provision for with-holding tax credits for earlier years relating to the Singapore entity.

8) 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

AGC NETWORKS LIMITED MUMBAI

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 12 August 2016
CIN : L32200MH1986PLC040652

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
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16th Floor, Tower II
Indiabulls Finance Centre
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Review Report on Quarterly 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 reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of **AGC Networks Limited** ("the Company") for the quarter ended **30 June 2016.** 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 Engagement (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. 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 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 periods presented was qualified in respect of this matter. Further, during the quarter ended 30 June 2016, significant risks and rewards in respect of one of the said properties having carrying value of Rs. 0.35 crores have been transferred, accordingly in our opinion sale of this property should have been recognised during the current quarter.

WALKER, CHANDIOK & CO LLP
MUMBAI

Had the Company followed the principles of AS 9 and AS 5 for the quarter ended 30 June 2016, the prior period expenses would have been higher by Rs 46.04 crores (31 March 2016: Rs. 46.04 crores; 30 June 2015: Rs. 46.04 crores) and profit on sale of property would have been higher by Rs. 5.19 crores; profit before tax would have been lower by Rs 40.85 crores (30 June 2015: Rs. 46.04 crores) and loss before tax for the quarter and year ended 31 March 2016 would have been higher by Rs. 46.04 crores; and tax expenses would have been lower by Rs. 3.27 crores (31 March 2016: Rs. 3.27 crores; 30 June 2015: 3.27 crores).

4. Based on our review conducted as above, except for the effects of 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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 2016

AGC NETWORKS LIMITED

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

AGC Accelerating Business

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2016

Rs. in Crore

Sr. No.	Particulars	Quarter ended			Year ended
		Unaudited			Audited
		30/06/2016	31/03/2016 (Refer note 2)	30-06-2015	31/03/2016
1	Gross sales/Income from operations	68.01	76.02	81.12	312.78
	Excise duty	0.42	0.20	0.30	1.38
	(a) Net sales/Income from operations	67.59	75.82	80.82	311.40
	(b) Other operating income	1.36	0.77	0.26	1.79
	Total income from operations (net)	**68.95**	**76.59**	**81.08**	**313.19**
2	**Expenses**				
	a) Cost of materials consumed	2.06	1.49	1.31	8.51
	b) Purchase of stock-in-trade	29.14	36.84	38.57	138.22
	c) Changes in inventories of finished goods, work-in-progress				
	and stock-in-trade	(1.16)	(0.22)	(0.20)	3.29
	d) Service charge	14.43	18.79	18.69	77.03
	e) Employee benefits expense (net)	10.58	11.02	11.22	45.83
	f) Depreciation and amortisation expense (Refer note 4)	0.78	1.27	1.27	5.23
	g) Other expenses	12.50	19.09	10.70	56.18
	Total expenses	**68.33**	**88.28**	**81.56**	**334.29**
3	**(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)**	**0.62**	**(11.69)**	**(0.48)**	**(21.10)**
4	Other income	0.75	1.28	2.75	6.85
5	**(Loss)/Profit from ordinary activities before finance costs and exceptional items (3+4)**	**1.37**	**(10.41)**	**2.27**	**(14.25)**
6	Finance costs	5.20	6.37	5.48	24.10
7	**(Loss)/Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**(3.83)**	**(16.78)**	**(3.21)**	**(38.35)**
8	Exceptional items - expenses / (income) - Interest on receivable against sale of properties	-	-	(1.64)	(1.64)
9	**(Loss)/Profit from ordinary activities before tax (7-8)**	**(3.83)**	**(16.78)**	**(1.57)**	**(36.71)**
10	Tax expense	-	-	-	-
11	**Net (Loss)/Profit from ordinary activities after tax (9-10)**	**(3.83)**	**(16.78)**	**(1.57)**	**(36.71)**
12	Extraordinary items (net of tax expense)	-	-	-	-
13	**Net (Loss)/Profit for the period (11-12)**	**(3.83)**	**(16.78)**	**(1.57)**	**(36.71)**
	Earnings before interest, tax, depreciation & amortisation and other income (EBITDA) (11+10+8+6+2(f)-4)	**1.40**	**(10.42)**	**0.79**	**(15.87)**
14	Paid-up equity share capital (face value of Rs. 10 each)	28.47	28.47	28.47	28.47
15	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	28.54
16	Earnings per share of Rs. 10/- each (not annualised):				
	Basic and Diluted (in Rs.)	(1.35)	(5.90)	(0.55)	(12.89)

AGC NETWORKS LIMITED MUMBAI

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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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 12 August 2016. The statutory auditors have carried out a limited review of the above results.

2) The figures of the last quarter ended 31 March 2016 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year-to-date figures up to the third quarter ended 31 December 2015 which was subject to limited review.

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 to 5 years to 15 years.

Had the company continued with the previously assessed useful lives, depreciation expense for the quarter ended 30 June 2016 would have been higher by Rs. 0.42 Crore. 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.

Financial Years	(Decrease) / Increase in depreciation expense
2016-17	(1.70)
2017-18	(1.69)
2018-19	(0.32)
Post 2019	3.71

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 the year March 2016, 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 upto 31 March 2016 that are considered to be procedural in nature. Accordingly the Company had recognised 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 March 2016 the Company has received approval from the lender for sale of one of the property sold for consideration of Rs. 5.89 crores and also realised part consideration of Rs. 3.20 crores from the buyer. During the current quarter ended June 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 applied for requisite approval for the balance properties which are still awaited as of date. The statutory auditors of the Company have qualified their review report on the financial results of the current quarter and audit reports / review reports on the financial statements/ financial results of all the corresponding period presented in respect of this matter. Further during the year 2015-16, the Company has recognised interest income amounting to Rs. 1.64 Crore on sale consideration receivable from the buyer.

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

AGC NETWORKS LIMITED MUMBAI

FOR AND ON BEHALF OF THE BOARD

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 12 August 2016
CIN : L32200MH1986PLC040652

WALKER, CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS