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**Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of AGC Networks Limited**

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of AGC Networks Limited ('the Company') for the quarter ended 31 December 2019 and the year to date results for the period 1 April 2019 to 31 December 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.

2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR / CFD / FAC / 62 / 2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. As stated in Note 7 to the accompanying standalone financial results, during the previous year ended 31 March 2019, the Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2015.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**AGC Networks Limited**
**Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

Had the Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the nine months ended 31 December 2018 and for the year ended 31 March 2019, would have been higher by Rs. 22.79 Crores, while depreciation expense for the nine months ended 31 December 2018 and for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores.

Our reports on the standalone financial results for the quarter ended 30 September 2019, quarter and nine months ended 31 December 2018 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our conclusion on the accompanying standalone financial results for the quarter and nine months ended 31 December 2019 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying standalone financial results.

5. Based on our review conducted as above, except for the effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Nagar

**Nikhilesh Nagar**
Partner
Membership No. 079597

**UDIN No:** 20079597AAAAAG1884

**Place:** Mumbai
**Date:** 14 February 2020

## AGC NETWORKS LIMITED

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

### STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

(Rs. in Crores)

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2019 | 30/09/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/03/2019 |
| 1 | Income | | | | | | |
| | (a) Revenue from operations | 62.04 | 78.56 | 90.93 | 222.41 | 233.29 | 306.85 |
| | (b) Other income | 1.18 | 1.06 | 1.48 | 3.52 | 5.27 | 6.25 |
| | **Total income** | **63.22** | **79.62** | **92.41** | **225.93** | **238.56** | **313.10** |
| 2 | **Expenses** | | | | | | |
| | (a) Purchase of stock-in-trade | 23.58 | 29.50 | 39.47 | 98.79 | 91.71 | 115.48 |
| | (b) Changes in inventories of work-in-progress and stock-in-trade | (4.47) | 5.11 | 1.26 | (6.54) | 4.04 | 5.39 |
| | (c) Service charges | 26.75 | 25.62 | 27.68 | 75.98 | 71.99 | 98.09 |
| | (d) Employee benefits expense (net) | 7.98 | 7.85 | 10.49 | 27.77 | 34.74 | 45.87 |
| | (e) Finance costs | 4.84 | 4.46 | 4.41 | 13.98 | 13.45 | 17.05 |
| | (f) Depreciation and amortisation expense | 1.91 | 1.85 | 0.52 | 5.62 | 1.56 | 2.01 |
| | (g) Other expenses | 6.65 | 10.69 | 8.20 | 23.81 | 25.91 | 33.60 |
| | **Total expenses** | **67.24** | **85.08** | **92.03** | **239.41** | **243.40** | **317.49** |
| 3 | **(Loss) / profit before exceptional items and tax (1-2)** | **(4.02)** | **(5.46)** | **0.38** | **(13.48)** | **(4.84)** | **(4.39)** |
| 4 | Exceptional items - income (refer note 6) | - | - | - | - | (4.17) | (5.67) |
| 5 | **(Loss) / profit before tax (3-4)** | **(4.02)** | **(5.46)** | **0.38** | **(13.48)** | **(0.67)** | **1.28** |
| 6 | Tax expense | - | - | - | - | - | - |
| 7 | **Net (loss) / profit for the period (5-6)** | **(4.02)** | **(5.46)** | **0.38** | **(13.48)** | **(0.67)** | **1.28** |
| 8 | Other comprehensive (loss) / income | (0.16) | 0.10 | (0.20) | (0.51) | 0.77 | 0.83 |
| 9 | **Total comprehensive (loss) / income for the period (7+8)** | **(4.18)** | **(5.36)** | **0.18** | **(13.99)** | **0.10** | **2.11** |
| 10 | Paid-up equity share capital (face value of Rs.10 each) | 29.74 | 29.74 | 29.74 | 29.74 | 29.74 | 29.74 |
| 11 | Other equity | | | | | | 63.05 |
| 12 | (Loss) / earnings per share of Rs.10 each before exceptional items : | | | | | | |
| | Basic (in Rs.) | (1.35)* | (1.84)* | 0.13* | (4.53)* | (1.67)* | (1.50) |
| | Diluted (in Rs.) | (1.35)* | (1.84)* | 0.13* | (4.53)* | (1.67)* | (1.50) |
| | (Loss) / earnings per share of Rs.10 each after exceptional items : | | | | | | |
| | Basic (in Rs.) | (1.35)* | (1.84)* | 0.13* | (4.53)* | (0.23)* | 0.44 |
| | Diluted (in Rs.) | (1.35)* | (1.84)* | 0.13* | (4.53)* | (0.23)* | 0.44 |

* Not annualised

**Notes:**

1) The effect of 626,262 potential equity shares outstanding as at 31 December 2019, 30 September 2019 and 31 March 2019 is anti-dilutive and thus these shares are not considered in determining diluted (loss) / earnings per share. Also, the effect of 641,919 potential equity shares outstanding as at 31 December 2018 is anti-dilutive and thus these shares are not considered in determining diluted earnings / (loss) per share.

2) Tax impact on exceptional items has not been considered for the purpose of reporting (loss) / earnings per share.

AGC Networks Limited Mumbai

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Notes:

1) These standalone financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Ind AS and Companies (Indian Accounting Standards) (Amendments) Rules, 2016.

2) The above standalone results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 14 February 2020. The auditors have carried out a limited review of these unaudited standalone financial results.

3) The Board at its meeting held on 12 August 2014 allotted 1,500,000 1% Non-Cumulative Non-Convertible Redeemable Preference Share ("NCRPS") having face value of Rs.100 each for the period of 7 years. On 30 March 2018, the Company received approval from the preference shareholders for extension of term by 5 years post expiry of original term of 7 years. Further, pursuant to the shareholders approval and in principle approval from the stock exchanges, the nature and terms of the NCRPS were changed to 0.01% Compulsory Convertible Preference Shares ("CCPS"). Subsequently on 31 August 2018, Company has allotted equity shares on account of conversion of the CCPS as per pricing formula prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs. 118 per equity share.

4) The members of the Company at the annual general meeting held on 1 August 2018, approved the re-classification of authorised share capital where-in authoritised preference share capital was re-classified to Rs. 100 Crores comprising of 5,000,000 cumulative / non-cumulative redeemable preference shares of Rs. 100 each and 5,000,000 convertible preference shares of Rs. 100 each.

5) The Company declared the dividend of Re.1 per NCRPS having face value of Rs.100 each which was approved at annual general meeting held on 1 August 2018.

6) **Exceptional items:**

(Rs. in Crores)

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | Unaudited | | | Unaudited | | Audited |
| | 31/12/2019 | 30/09/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/03/2019 |
| Reversal of provision against obsolete / non-moving inventory [refer note (a)] | - | - | - | - | (2.15) | (3.65) |
| Interest income against sale of property, plant and equipment [refer note (b)] | - | - | - | - | (0.91) | (0.91) |
| Profit on sale of property, plant and equipment [refer note (c)] | - | - | - | - | (1.11) | (1.11) |
| | - | - | - | - | (4.17) | (5.67) |

(a) Represents reversal of inventory provisions made in earlier years to reflect lower of cost and net realisable value. The Company has entered into an agreement with a buyer for sale of these inventories.

(b) Represents interest income on sale consideration receivable from the erstwhile buyer with respect to sale of property situated at Gandhinagar.

(c) Represents profit on sale of property, plant and equipment situated at Gandhinagar.

7) During the year ended 31 March 2015, the Company entered into deed 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. 44.63 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 recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.

During the year ended 31 March 2019 in September quarter, the said property was re-assigned to the name of the Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Company. The entire transaction stands completed.

8) **Adoption of new accounting standard on leases - Ind AS 116**

The Company has adopted Ind AS 116 "Leases", effective 1 April 2019, using modified retrospective approach as a result of which comparative information is not required to be restated. The Company has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at Rs. 20.39 Crores and accordingly recognised right-of-use assets at Rs. 19.06 Crores (after adjusting prepaid lease rent) by adjusting retained earnings by Rs. 1.33 Crores, as at the aforesaid date. In the standalone statement of profit and loss for the current period, the nature of expenses in respect of operating leases are recognised as amortisation of right-of-use assets and finance cost, as compared to lease rent in previous periods, and to this extent results for the current period are not comparable.

The impact of adopting Ind AS -116 on the standalone financial results for the quarter / nine months ended 31 December 2019 is as follows:

(Rs. in Crores)

| Particulars | Quarter ended | | | Nine months ended | | |
|---|---|---|---|---|---|---|
| | 31/12/2019 (Erstwhile basis) | 31/12/2019 (As per Ind AS -116) | Increase / (decrease) in profit | 31/12/2019 (Erstwhile basis) | 31/12/2019 (As per Ind AS -116) | Increase / (decrease) in profit |
| Finance costs | 4.09 | 4.84 | (0.75) | 11.68 | 13.98 | (2.30) |
| Depreciation and amortisation expense | 0.38 | 1.91 | (1.53) | 1.24 | 5.62 | (4.38) |
| Other expenses | 8.65 | 6.65 | 2.00 | 29.53 | 23.81 | 5.72 |
| Loss before tax | (3.74) | (4.02) | (0.28) | (12.52) | (13.48) | (0.96) |

9) As on 1 April 2019, Company had 5 directors on board. Company has appointed sixth director in the board meeting held on 14 August 2019.

10) As on 1 April 2019, the Company had not appointed at least one of its independent directors as a director on the board of director of its unlisted material subsidiary entities incorporated outside India. The Company had appointed its independent directors as director on the board of directors of these unlisted material subsidiary entities incorporated outside India during the quarter ended 30 September 2019.

11) Previous periods / year figures have been re-grouped and reclassified, wherever necessary, to conform to those of the current period.

GC Networks Limited Mumbai

FOR AND ON BEHALF OF THE BOARD

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 14 February 2020
CIN : L32200MH1986PLC040652

WALKER CHANDIOK & CO LLP MUMBAI

# Walker Chandiok & Co LLP

**Walker Chandiok & Co LLP**
16th Floor, Tower II,
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**Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**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 Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended 31 December 2019 and the consolidated year to date results for the period 1 April 2019 to 31 December 2019, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.

2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR / CFD / FAC / 62 / 2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the SEBI Circular CIR / CFD / CMD1 / 44 / 2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

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MUMBAI
WALKER
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4. As stated in Note 7 to the accompanying consolidated financial results, during the previous year ended 31 March 2019, the Holding Company had recorded only the differential amount of Rs 1.11 Crores, as profit on sale of property, plant and equipment, being the difference between the sale consideration of a certain property re-assigned to a new buyer and the outstanding receivable from an earlier sale transaction incorrectly recorded without the transfer of risks and rewards of ownership of such property in the year ended 31 March 2015.

   Had the Holding Company followed the principles of Ind AS 16, Property, Plant and Equipment, and corrected the aforementioned errors relating to incorrect recognition of sale in earlier year, of the said property, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, exceptional item (income), representing gain on sale of property, plant and equipment, for the nine months ended 31 December 2018 and for the year ended 31 March 2019, would have been higher by Rs. 22.79 Crores, while depreciation expense for the nine months ended 31 December 2018 and for the year ended 31 March 2019 would have been higher by Rs. 0.02 Crores.

   Our reports on the consolidated financial results for the quarter ended 30 September 2019, quarter and nine months ended 31 December 2018 and year ended 31 March 2019 were also qualified in respect of the above matter, and accordingly, our conclusion on the accompanying consolidated financial results for the quarter and nine months ended 31 December 2019 is also qualified with respect to the effects of this matter on the comparability of current and corresponding figures in the accompanying consolidated financial results.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review report of other auditors referred to in paragraph 6 below, except for the effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim consolidated financial results of one subsidiary included in the Statement, whose financial information (before eliminating inter-company transactions) reflects total revenues of Rs. 1,040.87 Crores and Rs. 3,085.10 Crores, total net loss after tax of Rs. 59.47 Crores and Rs. 10.51 Crores, total comprehensive loss of Rs. 51.64 Crores and Rs. 5.97 Crores, for the quarter and nine-month period ended on 31 December 2019, respectively, as considered in the Statement. These interim consolidated financial results have been reviewed by other auditors whose review report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the review report of such other auditors and the procedures performed by us as stated in paragraph 3 above.

   Further, this subsidiary is located outside India, whose interim consolidated financial results have been prepared in accordance with accounting principles generally accepted in their respective country and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the consolidated financial results of such subsidiary from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

   Our conclusion is not modified in respect of this matter.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**AGC Networks Limited**
**Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

7. The Statement includes the interim consolidated financial results of one subsidiary, which have not been reviewed, whose interim consolidated financial results (before eliminating inter-company transactions) reflects total revenues of Rs. 26.64 Crores and Rs. 69.32 Crores, net profit after tax of Rs. 5.55 Crores and Rs. 8.87 Crores, total comprehensive income of Rs. 5.91 Crores and Rs. 10.07 Crores for the quarter and nine-month period ended 31 December 2019 respectively, as considered in the Statement. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circular, in so far as it relates to the aforesaid subsidiary is based solely on such unreviewed interim consolidated financial results. According to the information and explanations given to us by the management, these interim consolidated financial results are not material to the Group.

   Our conclusion is not modified in respect of this matter.

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

**Nikhilesh Nagar**
Partner
Membership No. 079597

**UDIN No:** 20079597AAAAAH7122

**Place:** Mumbai
**Date:** 14 February 2020

**AGC Networks Limited**
**Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**Annexure 1**

**List of entities included in the Statement**

a. AGC Networks Australia Pty Ltd
b. AGC Networks Pte. Ltd.
c. AGC Networks Inc. and its subsidiaries (consolidated)
d. AGC Networks Philippines, Inc.
e. AGC Networks and Cyber Solutions Limited
f. AGCN Solutions Pte. Limited
g. AGC Networks L.L.C., Dubai
h. AGC Networks L.L.C., Abu Dhabi
i. AGC Networks New Zealand Limited
j. BBX Main Inc.
k. BBX Inc.
l. Black Box Corporation and its subsidiaries (consolidated)

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

# AGC NETWORKS LIMITED

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

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

(Rs. in Crores)

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2019 | 30/09/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/03/2019 |
| 1 | **Income** | | | | | | |
| | (a) Revenue from operations | 1,257.69 | 1,258.67 | 234.69 | 3,744.23 | 619.72 | 1,852.74 |
| | (b) Other income | 1.05 | 26.54 | 2.49 | 30.17 | 6.38 | 6.39 |
| | **Total income** | **1,258.74** | **1,285.21** | **237.18** | **3,774.40** | **626.10** | **1,859.13** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of materials and components consumed | 2.69 | (1.51) | - | 7.57 | - | 3.13 |
| | (b) Purchase of stock-in-trade | 370.08 | 377.64 | 95.03 | 1,132.53 | 220.54 | 560.46 |
| | (c) Changes in inventories of work-in-progress, stock-in-trade and finished goods | 3.95 | 13.32 | 2.40 | 6.81 | 2.07 | 58.54 |
| | (d) Service charges | 206.57 | 227.01 | 57.14 | 648.74 | 164.55 | 367.37 |
| | (e) Employee benefits expense (net) | 494.73 | 457.30 | 50.09 | 1,400.85 | 150.42 | 624.37 |
| | (f) Finance costs | 32.98 | 35.74 | 5.30 | 99.70 | 16.18 | 44.54 |
| | (g) Depreciation and amortisation expense | 24.51 | 27.55 | 2.79 | 76.42 | 7.98 | 14.65 |
| | (h) Other expenses | 72.75 | 97.22 | 15.46 | 280.17 | 47.60 | 192.30 |
| | **Total expenses** | **1,208.26** | **1,234.27** | **228.21** | **3,652.79** | **609.34** | **1,865.36** |
| 3 | **Profit / (loss) before exceptional items and tax (1-2)** | **50.48** | **50.94** | **8.97** | **121.61** | **16.76** | **(6.23)** |
| 4 | Exceptional items - expenses / (income) (refer note 6) | 94.40 | 13.10 | - | 112.16 | (4.17) | 73.12 |
| 5 | **(Loss) / profit before tax (3-4)** | **(43.92)** | **37.84** | **8.97** | **9.45** | **20.93** | **(79.35)** |
| 6 | Tax expense / (credit) | | | | | | |
| | - Current tax | 5.24 | 2.34 | 0.14 | 9.55 | 1.68 | (0.29) |
| | - Deferred tax | - | - | - | - | - | (0.29) |
| 7 | **Net (loss) / profit for the period (5-6)** | **(49.16)** | **35.50** | **8.83** | **(0.10)** | **19.25** | **(78.77)** |
| 8 | Other comprehensive income / (loss) | 6.54 | (6.31) | (2.66) | (0.28) | 3.68 | 2.14 |
| 9 | **Total comprehensive (loss) / income for the period (7+8)** | **(42.62)** | **29.19** | **6.17** | **(0.38)** | **22.93** | **(76.63)** |
| 10 | Paid-up equity share capital (face value of Rs.10 each) | 29.74 | 29.74 | 29.74 | 29.74 | 29.74 | 29.74 |
| 11 | Other equity | | | | | | (11.07) |
| 12 | Earnings / (loss) per share of Rs.10 each before exceptional items : | | | | | | |
| | Basic (in Rs.) | 15.21* | 16.34* | 3.04* | 37.68* | 5.19* | (1.93) |
| | Diluted (in Rs.) | 15.09* | 16.24* | 3.04* | 37.41* | 5.17* | (1.93) |
| | (Loss) / earnings per share of Rs.10 each after exceptional items : | | | | | | |
| | Basic (in Rs.) | (16.53)* | 11.94* | 3.04* | (0.03)* | 6.63* | (26.97) |
| | Diluted (in Rs.) | (16.53)* | 11.86* | 3.04* | (0.03)* | 6.60* | (26.97) |

* Not annualised

**Notes:**

1) The effect of 626,262 potential equity shares outstanding as at 31 December 2019 and 31 March 2019 is anti-dilutive and thus these shares are not considered in determining diluted earnings / (loss) per share. Also, the effect of 641,919 potential equity shares outstanding as at 31 December 2018 is anti-dilutive and thus these shares are not considered in determining diluted earnings per share.

2) Tax impact on exceptional items has not been considered for the purpose of reporting (loss) / earnings per share.

Notes:

1) These consolidated financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Ind AS and Companies (Indian Accounting Standards) (Amendments) Rules, 2016.

2) The above consolidated results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 14 February 2020. The auditors have carried out a limited review of these unaudited consolidated financial results.

3) The Board at its meeting held on 12 August 2014 allotted 1,500,000 1% Non-Cumulative Non-Convertible Redeemable Preference Share ("NCRPS") having face value of Rs.100 each for the period of 7 years. On 30 March 2018, the Company received approval from the preference shareholders for extension of term by 5 years post expiry of original term of 7 years. Further, pursuant to the shareholders approval and in principle approval from the stock exchanges, the nature and terms of the NCRPS were changed to 0.01% Compulsory Convertible Preference Shares ("CCPS"). Subsequently on 31 August 2018, Company has allotted equity shares on account of conversion of the CCPS as per pricing formula prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of Rs. 118 per equity share.

4) The members of the Company at the annual general meeting held on 1 August 2018, approved the re-classification of authorised share capital where-in authoritised preference share capital was re-classified to Rs. 100 Crores comprising of 5,000,000 cumulative / non-cumulative redeemable preference shares of Rs. 100 each and 5,000,000 convertible preference shares of Rs. 100 each.

5) The Company declared the dividend of Re.1 per NCRPS having face value of Rs.100 each which was approved at annual general meeting held on 1 August 2018.

6) **Exceptional items:**

**(Rs. in Crores)**

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | Unaudited | | | Unaudited | | Audited |
| | 31/12/2019 | 30/09/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 | 31/03/2019 |
| Reversal of provision against obsolete / non-moving inventory [refer note (a)] | - | - | - | - | (2.15) | (3.65) |
| Interest income against sale of property, plant and equipment [refer note (b)] | - | - | - | - | (0.91) | (0.91) |
| Profit on sale of property, plant and equipment [refer note (c)] | - | - | - | - | (1.11) | (1.11) |
| Other intangible assets written off [refer note (d)] | - | 5.05 | - | 5.05 | - | - |
| Severance expenses [refer note (e)] | 0.87 | - | - | 0.87 | - | 32.06 |
| Reversal of severance expenses [refer note (f)] | - | (1.59) | - | (3.59) | - | - |
| Acquisition cost [refer note (g)] | - | 1.68 | - | 1.68 | - | 34.42 |
| Foreclosure of leases [refer note (h)] | 0.95 | 1.08 | - | 4.37 | - | 2.02 |
| (Reversal) / provision for policy change in employee vacation [refer note (i)] | (22.01) | 4.49 | - | (13.20) | - | 10.29 |
| Inventory written off [refer note (j)] | 2.66 | 0.53 | - | 3.19 | - | - |
| Bad debt written off [refer note (k)] | 1.92 | 1.86 | - | 3.78 | - | - |
| Securitization costs [refer note (l)] | 107.85 | - | - | 107.85 | - | - |
| Non-routine consulting and IT costs [refer note (m)] | 2.16 | - | - | 2.16 | - | - |
| | **94.40** | **13.10** | - | **112.16** | **(4.17)** | **73.12** |

(a) Represents reversal of inventory provisions made in earlier years to reflect lower of cost and net realisable value. The Company had entered into an agreement with a buyer for sale of these inventories.

(b) Represents interest income on sale consideration receivable from the erstwhile buyer with respect to sale of property situated at Gandhinagar.

(c) Represents profit on sale of property, plant and equipment situated at Gandhinagar.

(d) Represents other intangible assets written off related to Black Box Corporation.

(e) Represents severance cost of Black Box Corporation towards rationalisation of manpower to enhance operational efficiencies.

(f) Represents reversal of severance cost provision of Black Box Corporation made in earlier year.

(g) Represents acquisition related cost of Black Box Corporation which includes valuation fees, advisory fees, legal and professional fees and consulting fees.

(h) Represents early closure of leases related to Black Box Corporation.

(i) Represents (reversal) / provision for policy change in employee vacation related to Black Box Corporation.

(j) Represents inventory written off related to Black Box Corporation.

(k) Represents bad debt written off related to Black Box Corporation.

(l) Represents incidental charges incurred for securitizing trade receivables related to Black Box Corporation.

(m) Represents non-routine consulting and IT costs related to Black Box Corporation.

7) During the year ended 31 March 2015, the Company entered into deed 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. 44.63 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 recognised profit on sale of property, plant and equipment of Rs. 40.85 Crores (net of incidental expenses Rs. 3.04 Crores) during the year ended 31 March 2015.

During the year ended 31 March 2019 in September quarter, the said property was re-assigned to the name of the Company by the buyer since the buyer expressed its inability to get the aforementioned sale deed registered with the relevant government authority. Subsequently, the said property had been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 Crores, and the Company had recorded the differential amount of Rs.1.11 Crores between the said consideration and balance receivable as at re-assignment date from the earlier recognised sale, as profit on sale of property, plant and equipment. The amount of consideration already received amounting Rs. 22.23 Crores as at re-assignment date from the erstwhile buyer is not required to be refunded by the Company. The entire transaction stands completed.

8) **Adoption of new accounting standard on leases - Ind AS 116**
The Group has adopted Ind AS 116 "Leases", effective 1 April 2019, using modified retrospective approach as a result of which comparative information is not required to be restated. The Group has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at Rs. 136.85 Crores and accordingly recognised right-of-use assets at Rs. 128.96 Crores (after adjusting prepaid lease rent) by adjusting retained earnings by Rs. 7.89 Crores, as at the aforesaid date. In the consolidated statement of profit and loss for the current period, the nature of expenses in respect of operating leases are recognised as amortisation of right-of-use assets and finance cost, as compared to lease rent in previous periods, and to this extent results for the current period are not comparable.

The impact of adopting Ind AS -116 on the consolidated financial results for the quarter / nine months ended 31 December 2019 is as follows:

**(Rs. in Crores)**

| Particulars | Quarter ended | | | Nine months ended | | |
|---|---|---|---|---|---|---|
| | 31/12/2019 (Erstwhile basis) | 31/12/2019 (As per Ind AS -116) | Increase / (decrease) in profit | 31/12/2019 (Erstwhile basis) | 31/12/2019 (As per Ind AS -116) | Increase / (decrease) in profit |
| Finance costs | 28.47 | 32.98 | (4.51) | 88.24 | 99.70 | (11.46) |
| Depreciation and amortisation expense | 4.36 | 24.51 | (20.15) | 18.68 | 76.42 | (57.74) |
| Other expenses | 97.63 | 72.75 | 24.88 | 349.43 | 280.17 | 69.26 |
| (Loss) / profit before tax | (44.14) | (43.92) | 0.22 | 9.39 | 9.45 | 0.06 |

AGC Networks Limited Mumbai

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

9) The statement of consolidated results are prepared in accordance with the requirements of Ind AS 110 – 'Consolidated Financial Statements' specified under Section 133 of the Act.

10) As on 1 April 2019, the Company had not appointed at least one of its independent directors as a director on the board of director of its unlisted material subsidiary entities incorporated outside India. The Company had appointed its independent directors as director on the board of directors of these unlisted material subsidiary entities incorporated outside India during the quarter ended 30 September 2019.

11) On 27 December 2019, Black Box Corporation, step-down subsidiary of the Company, had entered into a non-recourse accounts receivable securitization program for the sale of both billed and unbilled receivables originated by Black Box Corporation's subsidiaries in the United States and the United Kingdom to an unaffiliated third party. The securitization program allows availability up to $90 million to Black Box Corporation. Additionally, Black Box Corporation entered into $15 million term loan facility that is secured by one of the tranches in the securitization program. The proceeds from the sale of receivables and term loan were used to pay off all outstanding loans from the former lenders.

12) Black Box Network Services India Private Limited, step-down subsidiary of the Company, had entered into a slump sale agreement to acquire Internet of Things (IoT) and Sxtreo business for a purchase consideration of Rs. 0.15 Crores. The acquisition is effective from 1 February 2020.

13) Previous periods / year figures have been re-grouped and reclassified, wherever necessary, to conform to those of the current period.

FOR AND ON BEHALF OF THE BOARD

SANJEEV VERMA
WHOLE-TIME DIRECTOR
DIN: 06871685

Place: Mumbai
Date : 14 February 2020
CIN : L32200MH1986PLC040652

AGC Networks Limited Mumbai

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# AGC NETWORKS LIMITED

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

## STATEMENT OF UNAUDITED CONSOLIDATED SEGMENTAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

**Segment information**

(Rs. in Crores)

| Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|
| | Unaudited | | | Unaudited | | Audited |
| | 31/12/2019 | 30/09/2019 | 31/12/2018 * | 31/12/2019 | 31/12/2018 * | 31/03/2019 |
| **Segment revenue** | | | | | | |
| System integration | 1,013.80 | 1,008.42 | 234.69 | 3,029.50 | 619.72 | 1,606.39 |
| Technology product solutions | 211.94 | 216.73 | - | 629.80 | - | 227.19 |
| Others | 31.95 | 33.52 | - | 84.93 | - | 19.16 |
| **Revenue from operations** | **1,257.69** | **1,258.67** | **234.69** | **3,744.23** | **619.72** | **1,852.74** |
| **Segment results** | | | | | | |
| System integration | 52.85 | 34.03 | 11.78 | 124.98 | 26.56 | 33.03 |
| Technology product solutions | 20.60 | 16.76 | - | 48.14 | - | (1.28) |
| Others | 8.96 | 9.35 | - | 18.02 | - | 0.17 |
| **Total of segment results** | **82.41** | **60.14** | **11.78** | **191.14** | **26.56** | **31.92** |
| Other income | 1.05 | 26.54 | 2.49 | 30.17 | 6.38 | 6.39 |
| Finance costs | 32.98 | 35.74 | 5.30 | 99.70 | 16.18 | 44.54 |
| **Profit / (loss) before exceptional items and tax** | **50.48** | **50.94** | **8.97** | **121.61** | **16.76** | **(6.23)** |
| Exceptional items - expenses / (income) (refer note 6) | 94.40 | 13.10 | - | 112.16 | (4.17) | 73.12 |
| **(Loss) / profit before tax** | **(43.92)** | **37.84** | **8.97** | **9.45** | **20.93** | **(79.35)** |
| Tax expense / (credit) | 5.24 | 2.34 | 0.14 | 9.55 | 1.68 | (0.58) |
| **Net (loss) / profit for the period / year** | **(49.16)** | **35.50** | **8.83** | **(0.10)** | **19.25** | **(78.77)** |
| Depreciation and amortisation expense | 24.51 | 27.55 | 2.79 | 76.42 | 7.98 | 14.65 |

**Notes on segment information :**

1 Further to the significant acquisitions in January 2019, the Board has reviewed the segmental presentation of financial information, it was required to assess performance and allocate resources. The Board now considers a business activity focused reporting format to be more meaningful from a management forecasting perspective.

2 Assets and liabilities used in the Group's business are not identifiable to any of the reportable segments, as these are used interchangeably between segments. The management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

* These figures have been restated in line with new segmental classification.

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