**Walker Chandiok & Co LLP**
16th Floor, Tower II,
Indiabulls Finance Centre,
SB Marg, Elphinstone (W)
Mumbai - 400 013
Maharashtra, India

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

**Independent Auditor's Review Report on Consolidated 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**

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

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('Statement') of AGC Networks Limited ('the Company') and its subsidiaries (the 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 2018 and the consolidated year to date financial results for the period 1 April 2018 to 31 December 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 6 to the statement, during the year ended 31 March 2015, the Company had recognised sale of a property, classified as fixed assets under previous GAAP, having carrying value of Rs. 0.74 crores, and recorded profit on such sale amounting Rs. 40.85 crores (net of incidental selling expenses amounting Rs. 3.04 crores). In our opinion, the significant risks and rewards of ownership of the said property were not transferred when such sale was recognised, and therefore, recognition of such sale and the accounting treatment followed by the Company were not in accordance with the principles of Indian Accounting Standard (Ind AS) 16, Property, Plant and Equipment.

   Our reports on the statements for the quarter and nine-month period ended 31 December 2017 and previous year ended 31 March 2018 were also qualified in respect of the above matter.

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During the quarter ended 30 September 2018, the said property was re-assigned to the Company by the buyer, and thereafter, significant risks and rewards in respect of the said property have been transferred to another buyer through a separate sale transaction for a consideration of Rs 23.51 crores. However, instead of recognition of sale of this property in accordance with the principles of Ind AS 16, Property, Plant and Equipment, the Company has recorded only the differential amount between the said consideration and balance receivable amounting Rs 22.40 crores from the earlier incorrectly recognised sale, as profit on sale of property, plant and equipment.

Had the Company followed the principles of Ind AS 16, 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, and subsequently recorded the sale of such property in the quarter ended 30 September 2018 as per the principles of Ind AS 16, exceptional item (income), representing gain on sale of property, plant and equipment, for the nine months ended 31 December 2018 would have been higher by Rs. 22.79 crores (year ended 31 March 2018: Nil, quarter ended 30 September 2018: Rs. 22.79 crores) while depreciation expense for the said period would have been higher by Rs. 0.02 crores (year ended 31 March 2018: Rs. 0.04 crores, quarter ended 30 September 2018: Rs.0.01 crores, quarter ended 31 December 2017: Rs. 0.01 crores and nine months ended 31 December 2017: Rs. 0.03 crores); The balance consideration receivable from the buyer in the first sale transaction amounting Rs. 22.40 crores would have been adjusted against opening balance of retained earnings as at 1 April 2017. The resulting impact on retained earnings as at 31 December 2018 would be Nil (31 March 2018: Rs. 37.58 crores).

Our report on the statement for the quarter ended 30 September 2018 was also qualified in respect of the above matter.

4. Based on our review conducted as above, except for the effects of the matter described in previous paragraphs, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies 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, 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

**Nikhilesh Nagar**
Partner
Membership No. 079597

Place: Mumbai
Date: 7 February 2019

**Annexure 1**

**List of entities included in the Statement**

1. AGC Networks Australia Pty Limited
2. AGC Networks Pte Limited, Singapore
3. AGC Networks, Inc., USA
4. AGC Networks Philippines, Inc.
5. AGC Networks and Cyber Solutions Limited, Kenya
6. AGCN Solutions Pte. Limited
7. AGC Networks L.L.C., Dubai
8. AGC Networks L.L.C., Abu Dhabi

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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 FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

(Rs.in crores)

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2018 | 30/09/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 | 31/03/2018 |
| 1 | **Income** | | | | | | |
| | (a) Revenue from operations | 234.69 | 196.72 | 194.40 | 619.72 | 524.08 | 733.45 |
| | (b) Other income | 2.49 | 0.99 | 0.08 | 6.38 | 4.06 | 4.88 |
| | **Total income** | **237.18** | **197.71** | **194.48** | **626.10** | **528.14** | **738.33** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of materials and components consumed | - | - | 0.03 | - | 0.67 | 0.27 |
| | (b) Purchase of stock-in-trade | 95.03 | 58.23 | 68.51 | 220.54 | 192.68 | 255.34 |
| | (c) Changes in inventories of work-in-progress and stock-in-trade | 2.40 | 3.39 | 1.24 | 2.07 | (13.19) | (13.25) |
| | (d) Service charges | 57.14 | 55.89 | 49.10 | 164.55 | 141.70 | 201.00 |
| | (e) Employee benefits expense (net) | 50.09 | 52.80 | 47.43 | 150.42 | 140.28 | 192.74 |
| | (f) Finance costs | 5.30 | 5.49 | 6.41 | 16.18 | 19.28 | 24.96 |
| | (g) Depreciation and amortisation expense | 2.79 | 2.69 | 2.14 | 7.98 | 6.01 | 8.17 |
| | (h) Other expenses | 15.46 | 15.05 | 15.69 | 47.60 | 49.51 | 64.05 |
| | **Total expenses** | **228.21** | **193.54** | **190.55** | **609.34** | **536.94** | **733.28** |
| 3 | **Profit / (loss) before exceptional items and tax (1-2)** | **8.97** | **4.17** | **3.93** | **16.76** | **(8.80)** | **5.05** |
| 4 | Exceptional items - income (refer note 5) | - | (1.51) | (0.77) | (4.17) | (19.91) | (14.02) |
| 5 | **Profit before tax (3-4)** | **8.97** | **5.68** | **4.70** | **20.93** | **11.11** | **19.07** |
| 6 | Tax expense / (credit) | | | | | | |
| | - Current tax | 0.14 | 1.04 | 1.18 | 1.68 | 4.90 | 5.19 |
| | - Deferred tax | - | - | - | - | - | (1.05) |
| 7 | **Net profit for the period (5-6)** | **8.83** | **4.64** | **3.52** | **19.25** | **6.21** | **14.93** |
| 8 | Other comprehensive (loss)/income | (2.66) | 3.59 | (0.44) | 3.68 | (0.74) | (0.26) |
| 9 | **Total comprehensive income for the period (7+8)** | **6.17** | **8.23** | **3.08** | **22.93** | **5.47** | **14.67** |
| 10 | Paid-up equity share capital (face value of Rs.10 each) | 29.74 | 29.74 | 28.47 | 29.74 | 28.47 | 28.47 |
| 11 | Other equity (excluding revaluation reserve) | | | | | | 61.64 |
| 12 | Earnings per share of Rs.10 each: | | | | | | |
| | Basic (in Rs.) | 3.04 * | 1.62 * | 1.08 * | 6.63 * | 1.92 * | 5.15 |
| | Diluted (in Rs.) | 3.04 * | 1.59 * | 1.07 * | 6.60 * | 1.91 * | 5.11 |

* Not annualised

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AGC Networks Limited Mumbai

**Notes:**

1) Results for the quarter and nine months ended 31 December 2018 have been prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016.

2) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 7 February 2019. The auditors have carried out a limited review of these unaudited results.

3) The Company declared a dividend of Re. 1 per 1% Non-Cumulative Non-Convertible Redeemable Preference Shares ("NCRPS") having face value of Rs. 100 each which was approved at the annual general meeting held on 1 August 2018.

4) The Board at its meeting held on 12 August 2014 allotted 1,500,000 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 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.

5) **Exceptional items:**

**(Rs. in crores)**

| **Particulars** | **Quarter ended** | | | **Nine months ended** | | **Year ended** |
|---|---|---|---|---|---|---|
| | **31/12/2018** | **30/09/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** | **31/03/2018** |
| Reversal of provision against obsolete/non-moving inventory [refer note (a)] | - | - | - | 2.15 | 12.08 | 12.08 |
| Reversal of rent [refer note (b)] | - | - | - | - | 5.21 | 5.21 |
| Interest income against sale of property, plant and equipment [refer note (c)] | - | 0.40 | 0.77 | 0.91 | 2.62 | 3.23 |
| Profit on sale of property, plant and equipment [refer note (d)] | - | 1.11 | - | 1.11 | - | - |
| Write off of old receivable balances against sale of property, plant and equipment [refer note (e)] | - | - | - | - | - | (6.50) |
| | **-** | **1.51** | **0.77** | **4.17** | **19.91** | **14.02** |

(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 reversal of rent liability pertaining to earlier years, as a result of settlement with the lessor.

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

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

(e) Represents write-off of old receivable balances against sale of property, plant and equipment.

6) 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. 3.39 Crores) during the year ended 31 March 2015.

During the quarter ended 30 September 2018, 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 has been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 crores, and the Company has recorded the differential amount between the said consideration and balance receivable amounting Rs. 1.11 crores 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 from the erstwhile buyer is not required to be refunded by the Company. The enitre transaction stands completed.

7) AGC Networks New Zealand Limited incorporated on 1 November 2018 at New Zealand is a 100% subsidiary of AGC Networks Australia Pty Limited.

8) AGC Networks Pte Limited, Singapore completed acquisition of Black Box Corporation, headquartered in Pittsburgh, Pennsylvania, USA on 7 January 2019 on completion of tender offer process and as a result Black Box Corporation has become a 100% subsidiary of AGC Networks Pte Limited, Singapore through its US subsidiaries.

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 Companies Act, 2013.

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
AGCN Solutions Pte. Limited
AGC Networks L.L.C., Dubai
AGC Networks L.L.C., Abu Dhabi
AGC Networks New Zealand Limited (w.e.f. 1 November 2018)

10) Previous period/year 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 : 7 February 2019**
**CIN : L32200MH1986PLC040652**

CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

AGC Networks Limited Mumbai

# 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 2018

(Rs. in crores)

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2018 | 30/09/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 | 31/03/2018 |
| 1 | **Segment revenue** | | | | | | |
| | India | 90.93 | 70.49 | 85.52 | 233.29 | 212.01 | 303.39 |
| | USA | 82.66 | 71.67 | 64.64 | 214.72 | 183.66 | 250.99 |
| | Rest of the world | 66.66 | 55.19 | 46.26 | 181.27 | 138.16 | 193.03 |
| | **Total** | **240.25** | **197.35** | **196.42** | **629.28** | **533.83** | **747.41** |
| | Less : Inter-segment | (5.56) | (0.63) | (2.02) | (9.56) | (9.75) | (13.96) |
| | **Revenue from operations** | **234.69** | **196.72** | **194.40** | **619.72** | **524.08** | **733.45** |

Revenue includes : Rs. 30.99 Crores, Rs. 27.45 Crores and Rs. 20.12 Crores for the quarters ended 31 December 2018, 30 September 2018 and 31 December 2017 respectively and Rs. 89.85 Crores and Rs. 66.85 Crores for nine months ended 31 December 2018 and 31 December 2017 respectively and Rs. 89.17 Crores for year ended 31 March 2018 for Singapore entity within rest of the world in the above table.

Revenue Includes :Rs. 12.03 Crores, Rs. 10.67 Crores and Rs. 9.40 Crores for the quarters ended 31 December 2018, 30 September 2018 and 31 December 2017 respectively and Rs. 34.83 Crores and Rs. 31.52 Crores for nine months ended 31 December 2018 and 31 December 2017 respectively and Rs. 47.60 Crores for year ended 31 March 2018 for Australia within rest of the world in the above table.

Revenue Includes : Rs. 14.23 Crores, Rs. 11.47 Crores and Rs. 11.60 Crores for the quarters ended 31 December 2018, 30 September 2018, and 31 December 2017 respectively and Rs. 37.23 Crores and Rs. 28.09 Crores for nine months ended 31 December 2018 and 31 December 2017 respectively and Rs. 39.77 Crores for year ended 31 March 2018 for Dubai within rest of the world in the above table.

Revenue Includes : Rs. 5.25 Crores, Rs. 0.92 Crores and Rs. 0.96 Crores for the quarters ended 31 December 2018, 30 September 2018, and 31 December 2017 respectively and Rs. 8.29 Crores and Rs. 2.66 Crores for nine months ended 31 December 2018 and 31 December 2017 respectively and Rs. 5.97 Crores for year ended 31 March 2018 for Kenya within rest of the world in the above table.

| Sr. No. | Particulars | 31/12/2018 | 30/09/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 | 31/03/2018 |
|---|---|---|---|---|---|---|---|
| 2 | **Segment results profit / (loss) before tax and interest** | | | | | | |
| | India | 4.79 | (1.19) | 10.40 | 8.61 | 19.38 | 32.12 |
| | USA | 2.91 | 4.98 | 4.90 | 8.94 | 4.66 | 13.55 |
| | Rest of the world | 6.57 | 5.87 | (4.96) | 15.39 | (13.56) | (15.66) |
| | **Total** | **14.27** | **9.66** | **10.34** | **32.94** | **10.48** | **30.01** |
| | Less : Finance cost | (5.30) | (5.49) | (6.41) | (16.18) | (19.28) | (24.96) |
| | **Profit/(loss) before exceptional items and tax** | **8.97** | **4.17** | **3.93** | **16.76** | **(8.80)** | **5.05** |
| | Exceptional items - income | - | 1.51 | 0.77 | 4.17 | 19.91 | 14.02 |
| | **Profit before tax** | **8.97** | **5.68** | **4.70** | **20.93** | **11.11** | **19.07** |

Profit / loss includes : Profit before tax of Rs. 1.07 Crores for the quarter ended 31 December 2018, Profit before tax of Rs. 6.42 Crores for the quarter ended 30 September 2018, loss before tax of Rs. 1.90 Crores for the quarter ended 31 December 2017 and profit before tax of Rs.13.35 Crores for the nine months ended 31 December 2018 and loss before tax of Rs. 18.17 Crores for nine months ended 31 December 2017 and loss before tax of Rs. 17.45 Crores for year ended 31 March 2018 for Singapore entity within rest of the world in the above table.

Profit / loss includes : Profit before tax of Rs. 0.55 Crores for the quarter ended 31 December 2018, Profit before tax of Rs. 0.22 Crores for the quarter ended 30 September 2018, loss before tax of Rs. 2.52 Crores for quarter ended 31 December 2017 and profit before tax of Rs. 1.02 Crores for the nine months ended 31 December 2018 and loss before tax of Rs. 3.59 Crores for nine months ended 31 December 2017 and loss before tax of Rs. 4.29 Crores for year ended 31 March 2018 for Australia entity within rest of the world in the above table.

Profit / loss includes : Profit before tax of Rs. 3.96 Crores for the quarter ended 31 December 2018, Loss before tax of Rs. 0.07 Crores for the quarter ended 30 September 2018, loss before tax of Rs. 0.73 Crores for quarter ended 31 December 2017 and profit before tax of Rs. 3.13 Crores for the nine months ended 31 December 2018 and profit before tax of Rs. 8.17 Crores for the nine months ended 31 December 2017 and profit before tax of Rs. 6.58 Crores for year ended 31 March 2018 for Dubai entity within rest of the world in the above table.

Profit / loss includes : Profit before tax of Rs. 0.43 Crores for the quarter ended 31 December 2018, Loss before tax of Rs. 1.55 Crores for the quarter ended 30 September 2018, loss before tax of Rs. 0.81 Crores for quarter ended 31 December 2017 and loss before tax of Rs. 2.19 Crores for the nine months ended 31 December 2018 and loss before tax of Rs. 2.44 Crores for the nine months ended 31 December 2017 and loss before tax of Rs. 3.38 Crores for year ended 31 March 2018 for Kenya entity within rest of the world in the above table.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

AGC Networks Limited Mumbai

# 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 2018

(Rs. in crores)

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2018 | 30/09/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 | 31/03/2018 |
| 3 | **Capital employed** | | | | | | |
| | India | 91.74 | 90.41 | 72.02 | 91.74 | 72.02 | 85.51 |
| | USA | 9.28 | 9.58 | (4.54) | 9.28 | (4.54) | (1.63) |
| | Rest of the world | 18.17 | 11.87 | 8.27 | 18.17 | 8.27 | 6.23 |
| | **Capital employed** | **119.19** | **111.86** | **75.75** | **119.19** | **75.75** | **90.11** |

Capital employed includes : Rs. 13.51 Crores, Rs. 12.71 Crores, Rs. 3.40 Crores and Rs. 3.20 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Singapore entity within rest of the world in the above table.

Capital employed includes : Rs.2.10 Crores, Rs. 1.75 Crores, Rs. 0.54 Crores and Rs. 0.19 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Australia within rest of the world in the above table.

Capital employed includes : Rs. 6.82 Crores, Rs. 3.09 Crores, Rs. 4.77 Crores and Rs. 6.26 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Dubai within rest of the world in the above table.

Capital employed includes : Rs. (7.18) Crores, Rs. 7.90 Crores, Rs. (4.59) Crores and Rs. (3.60) Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Kenya within rest of the world in the above table.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | **Segment assets** | | | | | | |
| | India | 348.14 | 327.37 | 320.96 | 348.14 | 320.96 | 338.63 |
| | USA | 231.75 | 212.42 | 203.21 | 231.75 | 203.21 | 177.41 |
| | Rest of the world | 273.34 | 255.34 | 232.80 | 273.34 | 232.80 | 232.03 |
| | Less: Inter segment | (190.29) | (186.06) | (141.84) | (190.29) | (141.84) | (167.66) |
| | **Total assets** | **662.94** | **609.07** | **615.13** | **662.94** | **615.13** | **580.42** |

Segment asset includes : Rs. 187.25 Crores, Rs. 176.25 Crores, Rs. 149.30 Crores and Rs. 149.89 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Singapore entity within rest of the world in the above table.

Segment assets include : Rs.34.47 Crores, Rs. 34.95 Crores, Rs. 35.14 Crores and Rs. 33.87 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Australia within rest of the world in the above table.

Segment assets include : Rs. 30.51 Crores, Rs. 26.58 Crores, Rs. 30.51 Crores and Rs. 31.77 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Dubai within rest of the world in the above table.

Segment assets include : Rs. 6.79 Crores, Rs. 5.12 Crores, Rs. 7.78 Crores and Rs. 5.73 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Kenya within rest of the world in the above table.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | **Segment liabilities** | | | | | | |
| | India | 256.40 | 236.96 | 248.94 | 256.40 | 248.94 | 253.12 |
| | USA | 222.47 | 202.84 | 207.75 | 222.47 | 207.75 | 179.04 |
| | Rest of the world | 255.17 | 243.47 | 224.53 | 255.17 | 224.53 | 225.81 |
| | Less: Inter segment | (190.29) | (186.06) | (141.84) | (190.29) | (141.84) | (167.66) |
| | **Total liabilities** | **543.75** | **497.21** | **539.38** | **543.75** | **539.38** | **490.31** |
| | **Capital employed** | **119.19** | **111.86** | **75.75** | **119.19** | **75.75** | **90.11** |

Segment liabilities includes : Rs. 173.74 Crores, Rs. 163.54 Crores, Rs. 145.91 Crores and Rs. 146.69 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Singapore entity within rest of the world in the above table.

Segment liabilities include : Rs. 32.37 Crores, Rs. 33.20 Crores, Rs. 34.61 Crores and Rs. 33.68 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Australia within rest of the world in the above table.

Segment liabilities include : Rs. 23.69 Crores, Rs. 23.49 Crores, Rs. 25.75 Crores and Rs. 25.51 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Dubai within rest of the world in the above table.

Segment liabilities include : Rs. 13.97 Crores, Rs. 13.02 Crores, Rs. 12.37 Crores and Rs.9.33 Crores is as on 31 December 2018, 30 September 2018, 31 March 2018 and 31 December 2017 respectively for Kenya within rest of the world in the above table.

Notes on Segment Information :

Based on the "management approach" as defined in Ind AS 108 - 'Operating segments', the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators by geographical region.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

AGC Networks Limited * Mumbai *

Walker Chandiok &Co LLP

**Walker Chandiok & Co LLP**
16th Floor, Tower II,
Indiabulls Finance Centre,
SB Marg, Elphinstone (W)
Mumbai - 400 013
Maharashtra, India

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

**Independent Auditor's Review Report on Standalone 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**

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

1. We have reviewed the accompanying statement of unaudited standalone financial results ('Statement') of AGC Networks Limited ('the Company') for the quarter ended 31 December 2018 and the year to date financial results for the period 1 April 2018 to 31 December 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 6 to the statement, during the year ended 31 March 2015, the Company had recognised sale of a property, classified as fixed assets under previous GAAP, having carrying value of Rs. 0.74 crores, and recorded profit on such sale amounting Rs. 40.85 crores (net of incidental selling expenses amounting Rs. 3.04 crores). In our opinion, the significant risks and rewards of ownership of the said property were not transferred when such sale was recognised, and therefore, recognition of such sale and the accounting treatment followed by the Company were not in accordance with the principles of Indian Accounting Standard (Ind AS) 16, Property, Plant and Equipment.

   Our reports on the statements for the quarter and nine-month period ended 31 December 2017 and previous year ended 31 March 2018 were also qualified in respect of the above matter.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS



**Chartered Accountants**

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

During the quarter ended 30 September 2018, the said property was re-assigned to the Company by the buyer, and thereafter, significant risks and rewards in respect of the said property have been transferred to another buyer through a separate sale transaction for a consideration of Rs 23.51 crores. However, instead of recognition of sale of this property in accordance with the principles of Ind AS 16, Property, Plant and Equipment, the Company has recorded only the differential amount between the said consideration and balance receivable amounting Rs 22.40 crores from the earlier incorrectly recognised sale, as profit on sale of property, plant and equipment.

Had the Company followed the principles of Ind AS 16, 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, and subsequently recorded the sale of such property in the quarter ended 30 September 2018 as per the principles of Ind AS 16, exceptional item (income), representing gain on sale of property, plant and equipment, for the nine months ended 31 December 2018 would have been higher by Rs. 22.79 crores (year ended 31 March 2018: Nil, quarter ended 30 September 2018: Rs. 22.79 crores) while depreciation expense for the said period would have been higher by Rs. 0.02 crores (year ended 31 March 2018: Rs. 0.04 crores, quarter ended 30 September 2018: Rs.0.01 crores, quarter ended 31 December 2017: Rs. 0.01 crores and nine months ended 31 December 2017: Rs. 0.03 crores); The balance consideration receivable from the buyer in the first sale transaction amounting Rs. 22.40 crores would have been adjusted against opening balance of retained earnings as at 1 April 2017. The resulting impact on retained earnings as at 31 December 2018 would be Nil (31 March 2018: Rs. 37.58 crores).

Our report on the statement for the quarter ended 30 September 2018 was also qualified in respect of the above matter.

4. Based on our review conducted as above, except for the effects of the matter described in previous paragraphs, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies 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, 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

**Nikhilesh Nagar**
Partner
Membership No. 079597

Place: Mumbai
Date: 7 February 2019

## 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 2018

**(Rs.in crores)**

| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | Unaudited | | | Unaudited | | Audited |
| | | 31/12/2018 | 30/09/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 | 31/03/2018 |
| 1 | **Income** | | | | | | |
| | (a) Revenue from operations | 90.93 | 70.49 | 85.52 | 233.29 | 212.01 | 303.39 |
| | (b) Other income | 1.48 | 0.73 | 0.44 | 5.27 | 5.27 | 5.30 |
| | **Total income** | **92.41** | **71.22** | **85.96** | **238.56** | **217.28** | **308.69** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of materials and components consumed | - | - | 0.03 | - | 0.67 | 0.27 |
| | (b) Purchase of stock-in-trade | 39.47 | 22.80 | 33.53 | 91.71 | 92.86 | 129.55 |
| | (c) Changes in inventories of work-in-progress and stock-in-trade | 1.26 | 4.13 | 1.59 | 4.04 | (10.56) | (11.46) |
| | (d) Service charges | 27.68 | 23.08 | 21.20 | 71.99 | 58.13 | 81.79 |
| | (e) Employee benefits expense (net) | 10.49 | 13.28 | 12.10 | 34.74 | 33.11 | 46.27 |
| | (f) Finance costs | 4.41 | 4.52 | 5.24 | 13.45 | 15.95 | 20.90 |
| | (g) Depreciation and amortisation expense | 0.52 | 0.53 | 0.50 | 1.56 | 1.58 | 2.13 |
| | (h) Other expenses | 8.20 | 8.59 | 6.61 | 25.91 | 22.11 | 28.02 |
| | **Total expenses** | **92.03** | **76.93** | **80.80** | **243.40** | **213.85** | **297.47** |
| 3 | **Profit/(loss) before exceptional items and tax (1-2)** | **0.38** | **(5.71)** | **5.16** | **(4.84)** | **3.43** | **11.22** |
| 4 | Exceptional items - income (refer note 5) | - | (1.51) | (0.77) | (4.17) | (19.91) | (20.52) |
| 5 | **Profit/(loss) before tax (3-4)** | **0.38** | **(4.20)** | **5.93** | **(0.67)** | **23.34** | **31.74** |
| 6 | Tax expense | - | - | - | - | - | - |
| 7 | **Net profit/(loss) for the period (5-6)** | **0.38** | **(4.20)** | **5.93** | **(0.67)** | **23.34** | **31.74** |
| 8 | Other comprehensive (loss)/income | (0.20) | 0.04 | 0.09 | 0.77 | (0.81) | (0.90) |
| 9 | **Total comprehensive income/(loss) for the period (7+8)** | **0.18** | **(4.16)** | **6.02** | **0.10** | **22.53** | **30.84** |
| 10 | Paid-up equity share capital (face value of Rs.10 each) | 29.74 | 29.74 | 28.47 | 29.74 | 28.47 | 28.47 |
| 11 | Other equity | | | | | | 57.04 |
| 12 | Earnings/(loss) per share of Rs. 10 each: | | | | | | |
| | Basic (in Rs.) | 0.13 * | (1.46) * | 2.11 * | (0.23) * | 7.91 * | 10.83 |
| | Diluted (in Rs.) | 0.13 * | (1.46) * | 2.10 * | (0.23) * | 7.85 * | 10.74 |

* Not annualised

MUMBAI

AGC Networks Limited Mumbai

**Notes:**

1) Results for the quarter and nine months ended 31 December 2018 have been prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016.

2) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 7 February 2019. The auditors have carried out a limited review of these unaudited results.

3) The Company declared a dividend of Re. 1 per 1% Non-Cumulative Non-Convertible Redeemable Preference Shares ("NCRPS") having face value of Rs. 100 each which was approved at the annual general meeting held on 1 August 2018.

4) The Board at its meeting held on 12 August 2014 allotted 1,500,000 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 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.

5) **Exceptional items:**

**(Rs. in crores)**

| **Particulars** | **Quarter ended** | | | **Nine months ended** | | **Year ended** |
|---|---|---|---|---|---|---|
| | **31/12/2018** | **30/09/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** | **31/03/2018** |
| Reversal of provision against obsolete/non-moving inventory [refer note (a)] | - | - | - | 2.15 | 12.08 | 12.08 |
| Reversal of rent [refer note (b)] | - | - | - | - | 5.21 | 5.21 |
| Interest income against sale of property, plant and equipment [refer note (c)] | - | 0.40 | 0.77 | 0.91 | 2.62 | 3.23 |
| Profit on sale of property, plant and equipment [refer note (d)] | - | 1.11 | - | 1.11 | - | - |
| | - | **1.51** | **0.77** | **4.17** | **19.91** | **20.52** |

(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 reversal of rent liability pertaining to earlier years, as a result of settlement with the lessor.
(c) Represents interest income on sale consideration receivable from the erstwhile buyer with respect to sale of property situated at Gandhinagar.
(d) Represents profit on sale of property, plant and equipment situated at Gandhinagar.

6) 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. 3.39 Crores) during the year ended 31 March 2015.

During the quarter ended 30 September 2018, 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 has been transferred to another buyer through a separate sale transaction for a consideration of Rs. 23.51 crores, and the Company has recorded the differential amount between the said consideration and balance receivable amounting Rs. 1.11 crores 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 from the erstwhile buyer is not required to be refunded by the Company. The entire transaction stands completed.

7) AGC Networks New Zealand Limited incorporated on 1 November 2018 at New Zealand is a 100% subsidiary of AGC Networks Australia Pty Limited.

8) AGC Networks Pte Limited, Singapore completed acquisition of Black Box Corporation, headquartered in Pittsburgh, Pennsylvania, USA on 7 January 2019 on completion of tender offer process and as a result Black Box Corporation has become a 100% subsidiary of AGC Networks Pte Limited, Singapore through its US subsidiaries.

9) Previous period/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 : 7 February 2019**
**CIN : L32200MH1986PLC040652**

CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

AGC Networks Limited Mumbai